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BUSINESS WEEK



Management looks at its newest labor problem — the Labor-Management War Production Drive Committee. (see Report).

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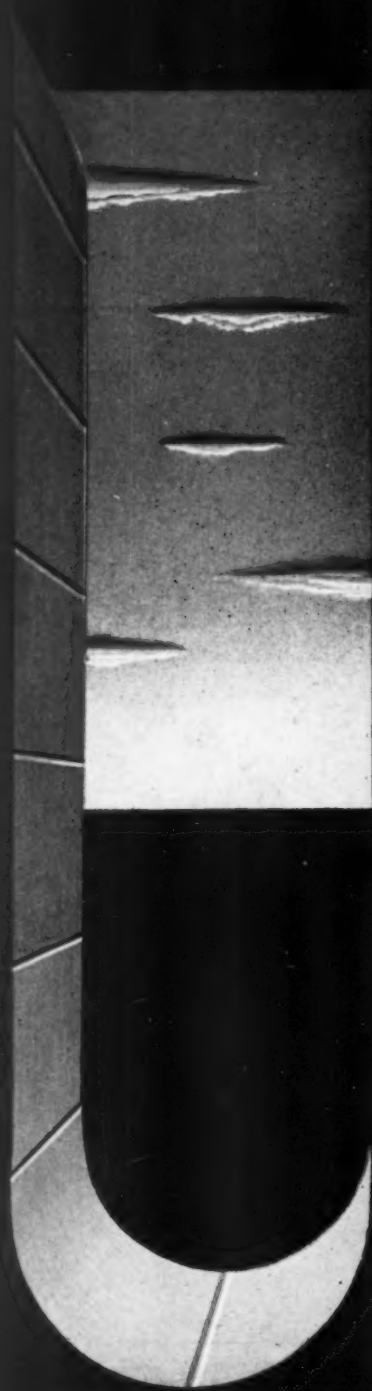
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**Management Looks At
The Labor Problem**

— A Report to Executives

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BUSINESS WEEK and The ANNALIST

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BUSINESS WEEK • SEPTEMBER 26 • NUMBER 1 (with which is combined The Annalist and Magazine of Business). Published weekly by McGraw-Hill Publishing Company, Inc., James McGraw, Founder and Honorary Chairman. Publication office, 99-129 North Broadway, Albany, New York. EDITORIAL AND EXECUTIVE OFFICES, 330 W. 42ND ST., NEW YORK, N. Y. James H. McGraw, Jr., President; Howard Ehrlich, Executive Vice-President; Mason R. Putnam, Vice-President; B. R. Putnam, Treasurer; J. A. Gerardi, Secretary; J. E. Blackburn, Director of Circulation. Allow at least ten days for change of address. All communications and subscriptions should be addressed to the Director of Circulation, Business Week, 330 W. 42nd Street, New York, N. Y.

Subscription rates—United States, Mexico, Central and South American countries \$5.00 a year, \$8.00 two years, \$10.00 three years. Canada \$5.50 for one year, \$9.00 two years, \$11.00 three years. Great Britain and British Possessions 45 shillings per year, 90 shillings three years. All other countries \$7.50 for one year, \$11.25 for three years. 20¢ per copy. Entered as second-class matter December 1, 1936 at Albany, N. Y., under Post Office at Albany, N. Y., March 3, 1879. Printed 1942 by the McGraw-Hill Publishing Company.

A McGRAW-HILL PUBLICATION

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WASHINGTON BULLETIN

WHAT THE WASHINGTON NEWS MEANS TO MANAGEMENT

No Real Curb on Farm Prices

No farm price law that F.D.R. can pull out of Congress will ever be applied to the hilt. At best any ceiling on farm prices is a lid on a seething pot that is bound to boil over. How great are the pressures in the pot was revealed by the mad whirl in Congress this week.

Roosevelt will get a somewhat stiffer law than he has now. It will give him the right to apply ceilings at a lower level than is now permitted, but even where the present law permits him to apply ceilings, he hasn't done so (on livestock, for example) for the very good reason that he can't get away with it. Neither will he be able to get away with exercising stiffer powers even though he can wring them from Congress.

Veto is Big Weapon

Political strength demonstrated by the farm bloc as soon as the Steagall (House) and Brown (Senate) anti-inflation bills hit the floors ensures that the final version of the legislation will give the farmer something he doesn't have in the present law. At the same time, the President's veto power is a very real weapon against an all-out farm raid as in the House this week, which lifted parity by its boot straps to 112%. The President could veto such a bill—and probably make it stick—on the ground that it's worse than what he started out to cure and declare his intention to enforce the present law strictly.

Obviously, the final bill will be written in conference committee. The direction of the compromising, horsetrading, and logrolling that is now going on reveals its outlines:

- (1) It will permit imposition of ceilings at 100% of parity.
- (2) It will leave the present value of parity unchanged but will change the parity formula to take care of future increases in farm labor costs.
- (3) The floor under farm prices will be raised by boosting crop loan values from 85% of parity to something between 90% and 100%.

Renegotiation or Profit Limit?

Congress probably will patch the present law governing renegotiation of war contracts to meet some of the objections of the contractors (BW—Aug. 22 '42, p. 14). Army, Navy, and the Maritime Commission believe they can live

with the law as it now stands but would just as soon see that it's straightened out some, too.

Contracts, once renegotiated, are now labeled as closed forever. There is, however, a question of whether the present law permits such complete freezing.

Moreover, while the three war agencies help contractors recoup taxes paid or recaptured profits by simply overpaying them on the next contract for the amount of the tax, this whole situation would be more satisfactory if set down in permanent writing. Ditto the question of whether a contractor—when operating under a renegotiated contract—can keep extra profits if his war business suddenly expands.

Hence, the war agencies have told the Senate Finance Committee that if the law is hurriedly changed such points as the foregoing should be covered to protect everybody—that, otherwise, a new law should come only after lengthy deliberation.

● **Another Approach**—Senator George, meanwhile, is again yelling for a flat percentage limitation on profits after taxes—a plan that largely removes the need for contract renegotiation.

Unions at Harvard

Government labor officials will keep an interested eye on the progress of Harvard's newly announced trade union fellowships under which 15 men picked by unions are starting a nine-month course at Cambridge, with the unions paying their representatives' expenses and splitting tuition fees 50-50 with the university.

They expect a shrewd effort by Harvard Business School to add to the unionists' worries some salutary worry about management's problems.

Penalty for Absenteeism

The first use of the new Selective Service order providing for reclassification of deferred registrants who are "not supporting or are adversely affecting the war effort" (BW—Sep. 19 '42, p. 94), came this week as the draft director, Gen. Hershey, led a frontal attack on absenteeism in the coal mines.

In a special statement, made in response to urgent appeals from mine operators, Gen. Hershey announced that the new regulation would apply to miners who take frequent days off for unexplained reasons.

It was clear, however, that the application of the order will not be confined to mine labor; employees of other in-

dustries in which absenteeism has become a problem will be subjected to the same pressure.

McNutt Tries Last Things First

Five months after creation of the War Manpower Commission, Chairman McNutt is just getting around to setting up his regional offices. Four appointments this week of regional directors leave four of the twelve posts still unfilled.

Regional offices and the area offices under them will carry the bulk of the real work of the commission—when it gets to work. McNutt is being criticized in Washington for his dilatoriness.

Some of the President's closest friends are particularly angered that McNutt should embarrass F.D.R. by raising now the touchy issue of labor-draft legislation. There's little disposition to question the eventual need of a national service law, but it's thought that McNutt had no call to talk about compulsory methods a nominal trial.

● **At the Grass Roots**—Transfer of the Employment Service, the Apprentice Training Service, and Training-Within-Industry to the functional control of WMC makes its biggest difference at the local level. Although WMC has had general authority over these agencies, relations between local WMC and USES officials have been somewhat hazy.

Copper Mine Pay Raise Urged

The National War Labor Board will be forced to puncture its Little Steel formula-ceiling on wages to keep copper miners from jumping at the attractive wages in other war industries (BW—Sep. 12 '42, p. 35). The board has before it a 2-to-1 panel recommendation that the pay of 10,000 Idaho and Utah copper miners be increased by \$1 per day to boost recruiting from gold mining and to check the movement of men from copper mines to other industries.

The majority reported that copper, needed in ever increasing amounts for war production, actually was produced 5% slower in July than in June.

Arnold and Petrillo

When Thurman Arnold takes the Petrillo case before a federal district court next month, he will be making a desperate effort to use the antitrust laws to crack down on union restraints on labor-saving devices.

The Hutcheson case, in which the



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Supreme Court threw out his contention that a jurisdictional strike against Anheuser-Busch was a trade restraint, left a loophole, Arnold thinks, through which he can crawl. The court said that only a conspiracy with a nonlabor group could bring a union within the purview of the antitrust laws.

Well, says Arnold, Petrillo is trying to force the radio networks, a non-labor group, to conspire with him to keep out amateur musicians and to keep records away from juke boxes.

Fair Trade and OPA

To eliminate conflicts between the General Maximum Price Regulation and fair trade laws (BW-Jul.18'42,p14), OPA has issued a formal regulation promising price adjustments to retailers whose March ceilings happened to be below fair trade minimums.

In cases where a retailer violated the fair trade minimum all through March, GMPR froze him in his violation. OPA's adjustment regulation, however, is supposed to eliminate use of GMPR as a defense in fair trade violation cases.

Although OPA insists that its price regulations must take precedence over all state laws, it has instructed its legal staff to stay out of state court cases against alleged fair trade violators. Despite OPA's efforts to keep peace between GMPR and fair trade, a New Jersey court refused an injunction against a price cutter who claimed he was bound to below-fair trade prices by GMPR.

• **Personality Discounted**—This decision, which will be appealed, was discounted in Washington as coming from a judge known for an antipathy toward fair trade laws.

Help for Food Dealers

OPA has decided on a markup over replacement costs to relieve the squeeze on food wholesalers and retailers. It will be a fixed percentage markup rather than a rigid dollar-and-cents differential.

With food raw material prices uncontrolled and rising, wholesalers and retailers have been finding it increasingly difficult to sell many standard grocery items under their own March ceilings as set by the General Maximum Price Regulation. The squeeze became so tough that OPA promised relief in August (BW-Aug.15'42,p8).

It will soon offer the following alternative: In the case of eight groups of commodities, wholesalers and retailers can add a fixed percentage margin to the cost of the commodity. Percentage markups will differ for each of the eight following commodities: Cereals, coffee, canned fish, cooking oils, rice, shorten-



NEW CHIEF FOR STEEL

When WPB made its eighth try at finding a boss for the stormy Iron and Steel Branch it picked a steel production executive for the first time. Hiland G. Batchelder, number eight, is president of the Allegheny-Ludlum Steel Corp. He served a trick with the war agencies last year as consultant to OPM's Priorities Division. His predecessors, who resigned under fire or "because of health," comprised statisticians, steel salesmen, and men from outside the steel industry—a fact which gave rise to attacks by the Truman Committee and the lately fired Frederick I. Libbey.

ings, sugar, and canned vegetables.

• **Individual Differentials**—Percentages also will differ for three types of wholesalers and five types of retailers. Distributors can, of course, continue to use GMPR if it's to their advantage.

Nutrition Program Lags

Now it's "off again" for the on-again, off-again national nutrition program.

Starting out with a bang in May, 1941, the program was drying up until FSA Administrator McNutt brought in Barry Houghton, an advertising man, to show the food industry how it could tie its commercial copy into the program. For a time things hummed, but Houghton has been effectively boxed up for several months by home economists

and professional nutritionists who don't like leaning so heavily on industry resources.

Internal squabbles over policy and personnel also have slowed down the program. McNutt has been so busy with his War Manpower Commission job that he hasn't had time to clean up the mess, and his chief nutrition aide, Dr. M. L. Wilson, also is trying to do two man-size jobs—the other one as head of the Department of Agriculture Extension Service.

Committee on Food?

Having failed to force the naming of an independent Food Administration through normal pressure channels, the food industry has taken a new tack. The National Assn. of Retail Grocers (independents) has served a formal demand on President Roosevelt urging creation of a "Baruch committee" to investigate the whole wartime food picture.

The retailers declare food conditions are so chaotic that any group of such caliber could hardly fail to recommend a reorganization.

Food people are cheered by appointment of Continental Baking's M. Lee Marshall to Donald Nelson's personal staff. While this isn't a direct step toward a food administration, food men hope that Marshall's presence on WPB's top-side will bring Nelson to a keener realization of problems faced in moving from an era of too much food into one that will see shortages.

Navy's Air Freight

The Navy is organizing an air cargo system to handle strategic supplies within continental United States and, no doubt, on overseas routes. Apparently the commercial airlines are not tied in as they are with Army's air cargo service.

The Navy is dickering with Railway Express Agency to handle the ground transportation. The express agency would contribute many of its know-how men and hopes to get a footing in air transportation that will stick after the war.

Plane Makers Go Postwar

Big aircraft manufacturers are shifting their designers around, letting them draw pictures of peace merchandise against the day when stop orders come. At least one of them has been dallying with automobiles of entirely new design. Another aircraft firm is experimenting with chemical products.

Among the convertible industries, it

*"Do they have
the know-how
to handle our
work in that
little upstate
New York
company?"*



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that point with
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WASHINGTON BULLETIN (Continued)

will be each for himself and the devil take the hindmost, with the "old line" airplane builders and the auto boys putting on the feature race.

The Wires Get Slower

The Federal Communications Commission is looking into complaints of poor telegraph service and what can be done about it. The Senate Truman Committee also is interested, and the American Communications Assn., C.I.O. union in Postal Telegraph, hopes to turn the investigation to advantage in blocking the proposed merger with Western Union, partially organized by A.F.L.

The telegraph companies are suffering from greatly increased turnover of employees due to the wage competition of war industries. Message delays are reported to be particularly bad on the Pacific Coast and in cross-country traffic—in which delays are particularly serious because of the time differential.

Problem for D. of A.

OPA took an after-you-my-dear-Gaston attitude on rationing of farm machinery, coyly passing the task on to the Department of Agriculture.

Leon Henderson, perennial target for the farm bloc in Congress, knows his onions. D. of A. will handle rationing on a friendly, neighborly basis. Fred S. Wallace, former state chairman of the Nebraska Agricultural Adjustment Administration, heads up the program.

Locally, the right to obtain machinery will be dished out by the county war boards—composed of farmers and AAA representatives—set up about a year ago. Getting new farm machinery is much like getting a new auto. The farmer has to show that production will be impaired without additional equipment; that his old plow is beyond repair; that he can't rent, beg, or borrow another.

• **Permanent Order Soon**—Currently the rationing program—which excludes parts and repairs, autos, tractors, and building materials—is on a temporary basis. A permanent order will follow soon.

Banking for G-Men (and Women)

Opening of a branch by a Richmond (Va.) bank in the Army's mammoth new Pentagon Building (BW—Sep. 12 '42, p14) has other government departments clamoring for intramural facilities to make cashing paychecks easy.

Washington bankers have formed a committee to thrash out the proposition with the government. Probable upshot will be establishment of government-

operated exchange windows, supervised by the banks. The Richmond bank—First and Merchants National Bank—got the nod in the Pentagon Building (located in Arlington, Va.) because the Army and the Treasury didn't want any District of Columbia banks to expand out of their home bailiwick.

In order to get the First and Merchants to open a branch so far from Richmond, the Treasury had to override a Virginia law prohibiting branch banking outside city limits; it did so by classifying the bank as an agency of the Treasury Department.

Hard Luck for U Boats

Submarines are getting only a few of the new Liberty Ships and the flossie "C" ships, compared with sinkings of old boats. The new ships are faster and harder to hit. They are welded, not riveted, so when hit their seams don't spring. They are better compartmented. Some have taken two torpedoes and made port. They have built-in armor around guns and bridges; their crews are ready to fight, and the sub commanders know it.

Capital Gains (and Losses)

Rules for rationing of industrial rubber footwear (BW—Aug. 29 '42, p8) will be announced shortly by OPA.

WPB officials weren't pleased with the implication of the figures for power consumption during Labor Day week. The decline was almost exactly as much as for the comparable week a year ago—100,000,000 kwh.

Don't change oil more than twice a year. So says the U. S. Budget Bureau in instructions to government agencies. Dumping in spring and fall is enough, according to the bureau, which estimates that such economy will save 750,000 gal. a year.

WLW, Cincinnati, won't get the 500,000 watt broadcasting license for which it has applied. It has the equipment, but FCC feels that a go-ahead for WLW would amount to discrimination against other stations to whom similar equipment is no longer available.

There's a new plane in the air. It's said to surpass the Flying Fortress, but no one is going to talk about it until Hitler shoots down a few. This is likely to be a while; it took him months to get a Fortress and he still has only two. Quaintly, the first tipoff on this plane came a year ago when the state's Federal Register failed to censor its own publication of a priority rating on the ship.

—Business Week's
Washington Bureau

FIGURES OF THE WEEK

THE INDEX (see chart below). *187.4 †186.6 185.7 175.5 159.8

PRODUCTION

Steel Ingot Operations (% of capacity).....	96.2	97.2	97.3	99.0	96.8
Production of Automobiles and Trucks.....	20,960	19,605	20,200	28,875	60,615
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$30,987	\$34,035	\$33,878	\$31,717	\$22,359
Electric Power Output (million kilowatt-hours).....	3,757	†3,583	3,674	3,357	3,273
Crude Oil (daily average, 1,000 bbls.).....	3,936	3,902	3,972	3,692	4,074
Bituminous Coal (daily average, 1,000 tons).....	2,080	†1,870	1,872	1,842	1,914

TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	83	85	81	87	92
All Other Carloadings (daily average, 1,000 cars).....	65	63	64	46	61
Money in Circulation (Wednesday series, millions).....	\$13,440	\$13,389	\$12,956	\$11,474	\$10,046
Department Store Sales (change from same week of preceding year).....	-3%	†+26%	None	+24%	+8%
Business Failures (Dun & Bradstreet, number).....	117	109	147	193	180

PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931 = 100).....	233.4	†232.0	230.9	229.7	215.5
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	155.0	154.7	153.2	154.2	145.9
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	183.6	184.1	181.7	181.7	163.5
†Finished Steel Composite (Steel, ton).....	\$56.73	\$56.73	\$56.73	\$56.73	\$56.73
†Scrap Steel Composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$19.17	\$19.17
†Copper (electrolytic, Connecticut Valley, lb.).....	12.000¢	12.000¢	12.000¢	12.000¢	12.000¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$1.20	\$1.20	\$1.13	\$1.21	\$1.14
†Sugar (raw, delivered New York, lb.).....	3.74¢	3.74¢	3.74¢	3.74¢	3.50¢
Cotton (middling, ten designated markets, lb.).....	18.73¢	18.79¢	18.50¢	19.55¢	16.85¢
†Wool Tops (New York, lb.).....	\$1.203	\$1.214	\$1.228	\$1.311	\$1.313
†Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.50¢

FINANCE

90 Stocks, Price Index (Standard & Poor's Corp.).....	68.8	68.1	68.9	64.8	81.8
Medium Grade Corporate Bond Yield (30 Baa issues, Moody's).....	4.27%	4.27%	4.27%	4.30%	4.32%
High Grade Corporate Bond Yield (30 Aaa issues, Moody's).....	2.80%	2.81%	2.81%	2.87%	2.75%
U. S. Bond Yield (average of all taxable issues due or callable after twelve years).....	2.34%	2.34%	2.34%	2.35%	2.15%
U. S. Treasury 3-to-5 year Note Yield (taxable).....	1.27%	1.27%	1.26%	0.94%	0.63%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6-months, N. Y. City (prevailing rate).....	†-4%	†-4%	†-4%	†%	†%

BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	28,085	27,650	26,718	25,010	24,375
Total Loans and Investments, reporting member banks.....	34,358	34,322	34,517	31,031	29,098
Commercial and Agricultural Loans, reporting member banks.....	6,317	6,252	6,390	7,035	6,362
Securities Loans, reporting member banks.....	816	851	973	825	906
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks.....	20,588	20,525	20,425	15,759	14,408
Other Securities Held, reporting member banks.....	3,457	3,470	3,458	3,826	3,773
Excess Reserves, all member banks (Wednesday series).....	3,040	2,350	2,103	3,161	5,249
Total Federal Reserve Credit Outstanding (Wednesday series).....	3,857	3,703	3,615	2,351	2,316

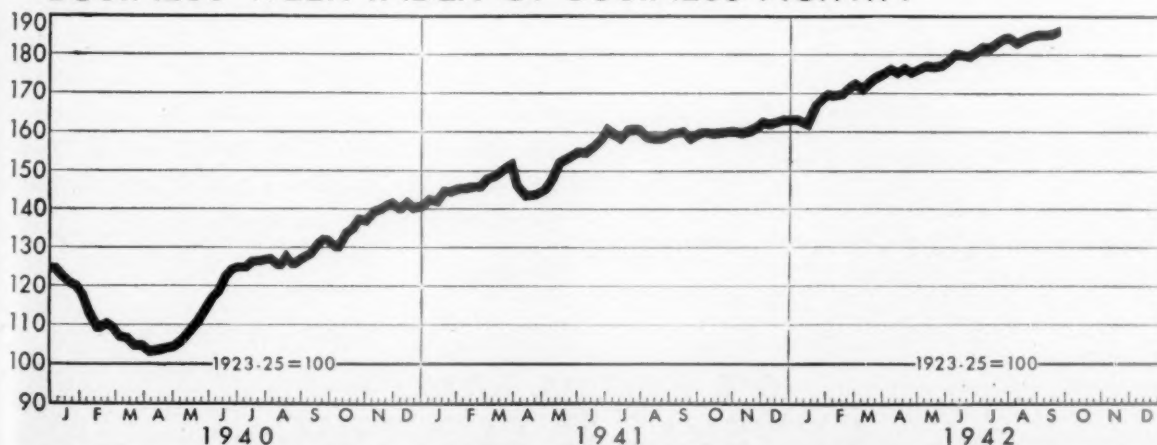
* Preliminary, week ended September 19th.

† Revised.

‡ Ceiling fixed by government.

§ Date for "Latest Week" on each series on request.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY





To managers of war plants—large or small—who want to know what they can do with their present lighting equipment to increase wartime production... save time... energy:



CALL G-E!

THE Lamp Department of General Electric has taken on a bigger job than making and selling lamps—though we are still doing both.

As one of our contributions to winning the war, we want to place our practical knowledge and experience on lighting for production *at the disposal of any plant with war work*. To do this quickly and effectively we are offering, without charge, the services of our trained lighting personnel located all over the country, to executives of war industries who would like to put lighting to work—*really to work*—in their plants.

This does not necessarily mean buying new fixtures or even lamps. It means, for the most part, getting more out of your present equipment. Many of the things which can be done are simple. *Yet they may increase usable light by as much as fifty percent!* Things such as these:

1. Soap and water—on a regular cleaning schedule.
2. Right size bulbs in present fixtures.
3. Moving present lighting fixtures, to fit new demands.
4. Supplementary lighting—for the most critical seeing operations, such as inspections.
5. Light colored walls to reduce light absorption; light colored finishes on machinery to increase visibility.
6. New lighting installations recommended only when absolutely necessary.

We think it is our plain obligation, at a critical time like this, to help every plant, engaged in war work, check up on its present lighting to avoid waste, to increase safety, improve morale and save precious manhours.

But we can only make this new job of ours function with your cooperation. You may think you haven't got a lighting problem. You may believe your lighting cannot be improved without expense and delay. You *may* be right. Yet many plant executives have been surprised, as a result of following a few simple recommendations of a G-E lighting engineer. Reach for a telephone—now—and find out. Call your nearest G-E lamp office or write General Electric, Nela Park, Cleveland, Ohio. Or your local electric company or G-E lamp supplier will be glad to give you valuable advice.

But act now.

**G-E MAZDA LAMPS
GENERAL  ELECTRIC**

THE OUTLOOK

Next—Manpower Control

Nation has come to the point where rationing of labor, as of goods, joins the agenda of economic readjustment to the demands of war. Farmers' problems show what's happening.

Shaping the war economy continued active on four broad fronts this week. But, where appointment of Charles E. Wilson and Ferdinand Eberstadt to War Production Board vice-chairmanships (page 14), and discussion in Congress of wage and farm price stabilization (page 5), struck familiar news notes, the introduction of legislation to authorize a universal manpower draft and Office of Price Administration announcement of an all-purpose ration book served to wake John Q. Public to the early extension of novel controls over the American way of life.

What's more, with the sanguinary struggle at Stalingrad (page 96) as a backdrop, the interrelated sequence of rationing and the manpower draft to inflation and arms production was only too clear.

• **In the Food Picture**—Take agriculture, for instance. Because of war-boomed consumer and military demands on the one hand, and the drain on farm labor to the Army and industry on the other, food rationing looms. Not only are meat cards being prepared, but the Department of Agriculture predicted this week that dairy products also will run short and must be doled out.

The farm labor shortage is growing so acute, Secretary Wickard warns, that, unless it is met, worse food shortages threaten. And this bears on the anti-inflation bill fight in Congress. One just basis for the farm bloc's demand that labor costs be included in computations of parity is this labor shortage.

Parity Boosters

Farm hands are paid less than industrial workers and so, the farm groups' argument runs, their wages must be lifted if agricultural production is to be maintained. To use the price mechanism in this way, however, would mean a 10% rise in the parity level—and it's a continuing process because, in turn, such wage and price increases would boost living costs, thus force new industrial wage raises, thereby lift parity automatically, and the price spiral would be again set in motion.

If, in view of the inflation danger, that cannot be permitted, abandonment of the price mechanism to accomplish wartime adjustments makes manpower allocations to agriculture inevitable.

Nonetheless, it now appears that some shifting of relative wage and price levels is called for. With prices fixed, both meat and dairy production depend on the price of feed. If corn, hay, oats, and other costs go up, output declines. Hence, hog and milk price limits imply feed cost control.

Further, the experts' analysis indicates that an additional factor in the prospective dairy shortage is that butter-fat-feed ratios are becoming less favorable than meat-feed ratios. Such unbalance in relative prices may yet require a shift of incentives back to dairying.

This typical part-price, part-allocation redistribution of productive forces to war will extend also to industrial wages. Following War Manpower Commission and Selective Service moves to stop

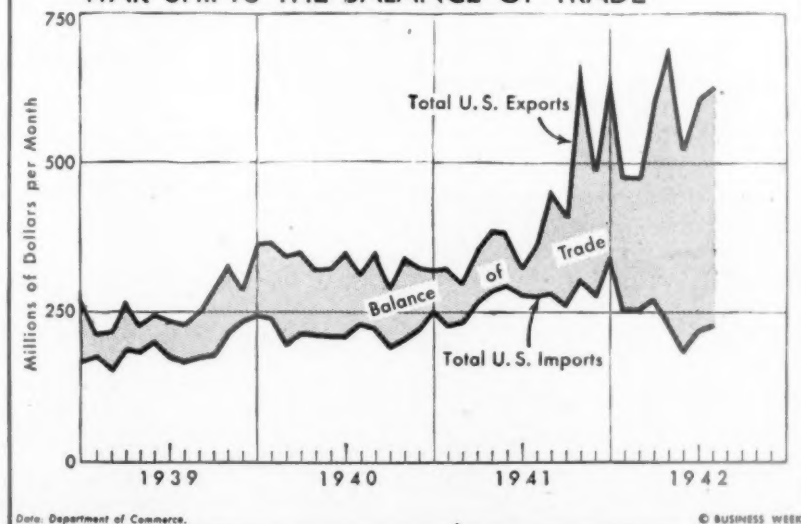
western non-ferrous metal miners from migrating to high-pay war plants, a National War Labor Board panel last week recommended increases in mine rates to reduce the existing inequality in wage scales.

In the course of time such piecemeal adjustments will tend to lift costs. Moreover, increasing labor stringencies will force longer hours of work at premium overtime rates. And declining productivity also adds to labor costs (BW—Sep. 5 '42, p96). This week, Pennsylvania coal labor and management launched the industry's biggest "Victory Committee" yet, designed to stimulate efficiency. Reports from one company indicate a 7% drop in per-man output since Pearl Harbor.

Purchasing Power Up

The inevitable additions to wage and farm receipts—the Agriculture Department now estimates that the production drive, remarkable weather, and higher prices will boost 1942 farm income to a new record high of \$15,500,000,000—turn anti-inflation attention further towards siphoning off surplus purchasing

IN THE OUTLOOK:
WAR SHIFTS THE BALANCE OF TRADE



Ever since September, 1939, the flow of food, steel, planes, and munitions from this country to the United Nations has been mounting—at first to fill foreign orders, but lately mostly under lend-lease. Excluded from "exports," of course, are the swiftly expanding shipments of supplies and equipment to American forces abroad, which are now eating heavily into available shipping space. Con-

trary to peacetime patterns, imports have not kept pace. First, European sources were cut off. Then when rising national defense needs for ores, rubber, wool, etc., from other parts of the world began to counterbalance this loss, Japanese conquests severed the import stream from the Far East. And this "favorable" balance of exports over imports throws increasing strain upon domestic production.

power through forced savings (page 15).

The Federal Reserve Board's sharp denial this week of a rumor that control over bank deposits is being prepared raises an interesting sidelight on discussion of the inflation potential. For, not only is current income available for inflationary spending, but conceivably, so are accumulated savings.

Most liquid forms of these are currency and bank deposits. Total bank accounts now amount to some \$70,000,000,000. A large part is held by business, but consumers' bank savings, together with the more than \$13,000,000,000 in currency now outstanding, constitute a vast hoard which is rapidly growing and which could possibly re-enter the market. Hence the Treasury's anxiety to sterilize current savings in government vaults. Controls over past savings, however, are hardly likely. Of all the belligerents, Germany alone has instituted incentives to maintain balances, or "iron savings accounts," and this policy was adopted only late last year.

New Order in WPB

Nelson gets the predicted "hard-hitting assistance" for job of combining policy-making with effective execution.

President Roosevelt wasn't able to cope with the confusion and inefficiency which marked the early days of the war production program until last January when he clothed Donald Nelson with full authority over production. This was sufficient to carry the program, with



As WPB controller of materials, Ferdinand Eberstadt reflects a convergence of civilian, Army-Navy views.

some lags and lurches, through the conversion and tooling-up stage. The one consideration was to push production up. This was done.

• **The Job Got Complex**—But the time came when this brute drive wasn't enough. This was realized weeks, even months, ago. Intricate problems of scheduling production to conform with a limited material supply—problems characteristic of a program running in high gear—were encountered. For a time Nelson tried to adapt the War Production Board to the situation by paper reorganizations in which the same faces rotated from job to job. This week it looks as if Nelson is continuing the process that began with his own appointment—picking promising men and giving them real power.

Charles E. Wilson and Ferdinand Eberstadt, just appointed to WPB vice-chairmanships, are filling jobs carved out of Nelson's own. These appointments recall the view in Washington (BW—Aug. 22 '42, p5) that Nelson's salvation might lie in hiring some hard-hitting assistance. Nelson has proved himself best at high policy rather than execution, and a triumvirate may succeed in combining policy with effective execution.

• **WPB Production Man**—Wilson has resigned as president of General Electric in response to Nelson's urgent demand that he take the responsibility for seeing to it that production programs are met. In this post he will exercise the full powers of the chairman of the War Production Board. In Nelson's own words, Wilson will be "the top production authority in the war program and will have the responsibility of seeing to it that programs and schedules for all phases of our war effort are met." Wilson came to Washington with praise from President Roosevelt for "his outstanding job on production of war materials."

As vice-chairman of WPB, Wilson will serve as chairman of a newly organized Production Executive Committee made up of the top military production officials—General Somervell of the Army Services of Supply, General Echols of the Army Air Forces Materiel Command, Admiral Robinson, Navy director of material and procurement, and Admiral Vickery of the Maritime Commission.

• **Materials Controller**—Eberstadt comes to his WPB vice-chairmanship from the Army and Navy Munitions Board, a transfer that was expected several weeks ago but failed to materialize at that time. With primary responsibility for controlling the flow of materials, Eberstadt takes over from James S. Knowlson his program determination job and exercises general supervision over Director General of Operations Ernest Kanzler.

Thus, Eberstadt has his hands on



Charles E. Wilson of General Electric brings long production experience to his new job of being "the top production authority in the war program."

both the broad allocation of the nation's supply of raw materials and the practical job of routing them. Eberstadt sees the routing problem in much the same light as does Kanzler. Although Kanzler now has a boss between himself and Nelson, Eberstadt's appointment is regarded as strengthening Kanzler's intention, over opposition within WPB (BW—Sept. 19 '42, p17), to rely largely on prime contractors to distribute materials for armament production.

Creation of the Production Executive Committee, under Wilson's direction, leaves the Army and Navy Munitions Board with only minor duties. It had already lost its priorities power, and now major production decisions will be made in the twice-weekly meetings of the Army and Navy big shots on Wilson's committee.

• **Getting Together**—Eberstadt's shift to WPB from his job as civilian chairman of the Army and Navy Munitions Board is in line with his own appraisal of the situation. The prewar mobilization plan provided that the Munitions Board continue into a war period the job of shaping up production facilities and dividing up materials until such time as a civilian agency (WPB) could get to work. For some time past there has been duplication which has been the root of some controversy.

Creation of the Production Executive Committee and Eberstadt's appointment reflect converging WPB, Army-Navy views. The services recognize material supply limitations, the need for scheduling. And WPB is swinging towards acceptance of the "warrant" scheme of materials distribution.

Treasury Backflip

No matter how it's sugar-coated, it still adds up to forced savings. Morgenthau's espousal looses flood of schemes to siphon off excess purchasing power and also to raise a bit of money.

Now that the Treasury has called off its dogs, plans for forced savings are popping up all over Washington. The Senate Finance Committee gave the subject official recognition by voting to set up a joint Congressional committee to study the various schemes and report on them. If this joint committee buys the idea, a comprehensive compulsory savings program may head the docket at the next session of Congress.

• **Dopesters Nailed It**—In the meantime, it looks as though forced savings on a small scale will go into the 1942 tax bill. The 5% "Victory Tax" on gross incomes (BW—Sep. 12 '42, p118) contains a postwar rebate feature. Senator George, its sponsor, intended this primarily as a relief measure, but basically it is a form of compulsory savings.

All this means that a lot of officials have changed their minds in the last two months. Early in the summer Washington dopesters were predicting adoption of forced savings within a year (BW—Jul. 18 '42, p15), but at that time Treasury opposition made it look like a lost cause. In spite of faltering war bond sales, Secretary Morgenthau held out for a voluntary system. Neither scholarly articles in the learned journals nor barbed questions at his press conferences could budge him.

• **Treasury's Lid Lifter**—Then Morgenthau suddenly appeared before the Fi-

nance Committee with blueprints for a "spending tax." Incredulous economists looked it over and found that it was pure compulsory savings. That took the lid off. Many officials now boost forced savings plans as the only practical solution to the problem of siphoning off excess consumer purchasing power.

Once the bitterest critic of a compulsory method, the Treasury is now its most powerful supporter. At a recent press conference Secretary Morgenthau finally admitted that voluntary war bond sales were inadequate. Forced savings, he said, will be necessary to help close the inflation gap.

• **Postwar Refunds Possible**—If the tax bill goes through in its present form, this country will get its first taste of compulsory savings in about the same way England did over a year and a half ago. Income taxes will increase, but taxpayers will get part of them back in the form of postwar refunds.

Under Senator George's plan all individuals making more than \$12 a week will pay an extra 5% tax on gross income above this exemption. After the war a single person would be eligible for a refund of 25% of the tax or \$500, whichever was smaller. A married man would get 40% or \$1,000. Each dependent would be worth an additional refund of 2% or \$100.

• **Britain's Pattern**—England arrived at compulsory savings by about the same route. In 1941 the government cut income tax exemptions and tightened up rates. To sugar-coat the pill it promised that these extra taxes would be returned.

Both these arrangements represent only the first step toward a comprehensive system of forced savings. Economists agree that to be effective in mopping up consumer income, compulsory saving must apply on a wide scale. In small doses it is useful only to take away the bitter taste of new taxes.

The general principle of using government authority to compel savings has two major variations. If the government requires individuals to save a specified percentage of their incomes, the system is entirely compulsory, and taxpayers have no option. This is the way both the British system and Senator George's plan work.

• **Premium or Penalty**—But it is possible for the government to put a premium on private saving (or a penalty on private spending) without actually specifying that individuals must save any part of their incomes. This gives a system of induced savings.

Most economists think that the ideal arrangement would combine both of these variations. It would put a high inducement on private savings by partially exempting them from taxes or by subjecting spending to a separate tax. At the same time it would require each individual to save at least a certain minimum percentage of his income.

• **Treasury Plan Not Dead**—The Treasury's spending tax proposal attempted to combine the two approaches. Finance Committee members decided that it was too complicated and that its rates



ROAD TO WAR

Two of the only three trilevel grade separations in the United States, located on the new roadway leading to the Ford Motor Co.'s new Willow Run bomber plant near Detroit, were built to speed the movement of materials

and facilitate the arrival and departure of thousands of war workers. Dedicated last week, the 13-mile, divided-lane highway, varying in width from two to six lanes, includes seven railroad and highway grade separations, entrance and exit facilities. Peak loads of 1,400 vehicles per lane per hour can be handled. Total cost: \$5,000,000.

IT'S DONE WITH PIPES

The civilian defense problem of McKeesport, Pa., seems to be solved so far as air raid sirens are concerned. In fact, if there is any city that finds noisemakers too utterly hard to get, it will do well to ring up James H. Gray, McKeesport's chief of police. Here's why:

All McKeesport was aburst with sound effects as 25 whistles atop roofs and poles were being tested simultaneously. But a sound that was different—decidedly different—kept asserting itself.

Beating a path to Chief Gray's door, or more specifically that of the city garage, McKeesport discovered that two pieces of pipe and a bit of hose would do things if fed compressed air by a tire-inflating machine. Manufacturing time, one hour—cost, about a dollar.

"OCD is welcome to it," said Chief Gray.

were too stiff. Hence it is in the discard just now. The Treasury has a way of being stubborn about its pet ideas, and the spending tax may bob up again.

The Treasury's plan involves two extra taxes besides the regular income tax. Both would apply to income that was spent, but not to anything that consumers saved. The first tax would be a flat 10% of all expenditures over \$500 by a single person or over \$1,000 by a married man. After the war taxpayers would get all of this back.

• **Where Forced Saving Enters**—The other tax would be a graduated levy on all spending above certain deductions. Beginning at 10% on the first \$1,000 after exemptions, it would run up to 75% on everything over \$10,000. This would be a straight tax with no rebates.

The flat 10% refundable levy is compulsory savings, pure and simple. The graduated tax is both a tax and a system of induced savings. By slapping a progressive tax on spending, it puts an increasing premium on saving.

• **Jerry-built Job**—Economists like the theory behind the spending tax plan, but they think the Treasury's version is a jerry-built job that needs a lot of overhauling to make it work (BW—Sep. 12'42, p124). For one thing, they say, an effective forced saving system must be fitted carefully into the income tax structure, not just dumped down on top of it. For some individuals the Treasury plan would be intolerably heavy; for others—especially in the lower and middle brackets—it would be ineffectual.

Personal Aircraft

Helicopter at the price of a medium car is envisioned by Sikorsky as the basis for a big postwar industrial operation.

Again the production of aircraft for personal use is described as holding out the promise of big business. Igor Sikorsky, designer of several military and civil airplanes who is now engineering manager of Vought-Sikorsky, a division of United Aircraft Corp., says he believes that the building and maintenance of helicopters will become a flourishing industry within ten years after this war.

• **Public's Attitude**—The first promise of big doings in private flight developed between Lindbergh's Atlantic crossing and the stock market bustup of 1929. Manufacturers soon learned that the public generally is afraid to handle conventional fixed-wing planes, and that it finds trekking between airport and destination too much trouble.

Mr. Sikorsky says he can offer a helicopter, suitable for operation by average persons, within a year after peace comes.

• **Price and Materials**—In volume, he expects to get the price down to that of a medium car. The helicopter has very few moving parts, lends itself well to assembly-line production. Sikorsky explained that it also can be made of a variety of materials. For example, low-cost seamless steel tubing will serve as well as aluminum.

Assuming \$1,500 as the cost of a medium car, and allowing for parts and maintenance, he envisions a market requiring a production rate of 600,000 or 700,000 units a year.

• **Not Over 140 m.p.h.**—In an article in the Atlantic Monthly (September), Sikorsky says the average helicopter will probably not exceed 140 miles per hour, and that a commuting bus type can be developed to carry as many as 20 passengers. Its average range, for scheduled use, will not exceed 200 miles.

Leaving long-range, fast air transport entirely to the fixed-wing airplane, he tells in detail how a housewife can fly his machine, and how helicopter buses will pick up commuters from their own dooryards.

Sikorsky foresees possible development of a different basic type of helicopter, which would have greater speed, but he seemed not to be concentrating on it just now.

• **A Bit of History**—It was in the early 1900's that Sikorsky first started work on the direct-lift machine. Several other persons, here and in other countries, have built such machines that got off the ground. A helicopter is lifted by the vertical upward thrust of a large propeller doing about 275 r.p.m. in a hori-

zontal plane. After the machine is in the air, the axis of the lifting propeller is tilted so that part of its thrust is converted into forward travel.

The autogiro is similar, but its lift propeller autogyrates, is not geared to the engine. The machine must move forward all the time it is in the air, ascending or descending, so it must have some running space on the ground.

• **A Versatile Craft**—Sikorsky's VS-300 experimental model has demonstrated many times that the helicopter will come near the average day-dreamer's idea of human flight. It can stand still or hover in the air at will, can land on and take off from water, sand, snow, or any spot as big as a badminton court.

Asked whether he thought the helicopter could supplant the automobile of the ordinary citizen, Sikorsky said that a person could use it instead of a car. But he seemed more interested in transportation to far-out homes and isolated places than in displacing automobiles.

The hovering characteristics of the helicopter make it a useful military machine, for which reason no detail can be given about present development work.



PATRIOTIC PUMPS

Sawyer Electrical Manufacturing Co., Los Angeles, makes pumps. Employees decided that buying war bonds wasn't enough so everybody donated a day-and-a-half of work to buy a gift for the Navy. The present decided on was six of the company's own pumps, of the type used to empty bulkheads in case of a hit on a ship. At this point the Sawyer staff ran afoul of a Navy rule which prohibits the acceptance of gifts. But the course was quickly cleared. A contract was made whereby the Navy paid \$1 for the pumps. They were then solemnly inspected and later accepted by Rear Admiral Joseph R. DeFrees in a ceremony at the plant.

Rationed Fuel Oil

Coupon plan under OPA will soon be made effective in 30 states. Needs of zones and subzones are considered.

Use of fuel oil for heating—domestic, commercial, and industrial—will be rationed by the Office of Price Administration by means of consumer coupon books starting about Oct. 15. The rationing plan will operate on the so-called flow-back system, with the consumer's coupons being used to replenish stocks at every stage of distribution.

• **Enforcement Area**—The rationed area includes the 17 Atlantic Coast states, which are already subject to gasoline rationing, plus 13 midwestern states (see map). These 30 states contain 97,000,000 people—75% of the nation's population—and comprise the bulk of the area in which oil is used for heating. The 17 Eastern states alone normally consume 46% of the nation's annual output of distillate fuel oil (home-heating type) and 40% of its residual fuel oil (industrial type).

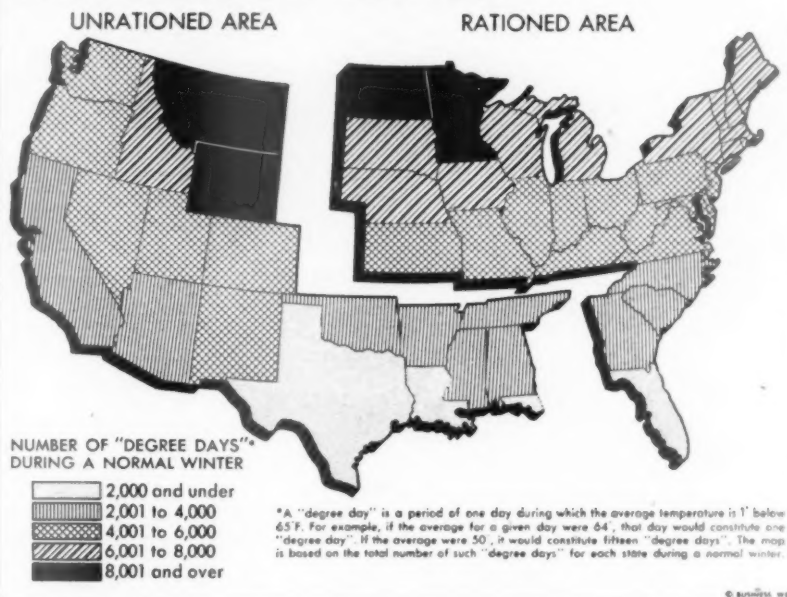
In the Eastern area, the huge increase in tank car, tank truck, pipeline, and barge transportation has failed to make up entirely for the loss of ocean tanker deliveries. The midwestern states were included because of shortages within their borders due to diversion of tank cars to the East Coast area.

• **Before and After Oct. 1**—Up to Oct. 1, domestic consumers are permitted to fill their storage tanks up to a maximum of 275 gal. without coupons. Other consumers are permitted to purchase up to 50% of tank capacity. Between Oct. 1 and the issuance of the ration books, oil may be bought only on agreement to surrender the necessary number of coupons when they become available. When total requirements have been estimated, the amount of fuel on hand on Oct. 1 will be deducted before the book is issued.

It's obvious that fuel oil, unlike gasoline, can't be rationed equally. The winter is colder in some places, lasts longer in others. The size of the premises to be heated is another determining factor. Hence each consumer's ration will have to be tailored to his own individual needs.

• **Required Data**—Application blanks will be obtained by consumers from their fuel oil dealers. Among the most important information to be given on the blanks is the number of square feet of floor space in the house, including halls and closets but excluding attics, porches, and basements unless they are used as sleeping quarters. Dealers will be expected to fill in from their records, when they distribute the applications,

FUEL OIL RATIONING AND NEEDS



information about the amount of fuel oil which the customer used last year.

The most widely accepted measure of the length and coldness of the winter (oil companies have been using it for years to estimate the fuel oil needs of their domestic customers) is the U. S. Weather Bureau's concept of "degree days" (see map for definition).

• **Thermal Zones**—After careful study of the bureau's data for the past 44 years, OPA's heating engineers have divided the rationed area into four main thermal zones. In addition, many subzones have been established in localities where the climate is unusually warm or cold in relation to the immediate surroundings.

The four zones, differing from the degree days shown on the accompanying map because of OPA's belt system, are as follows:

Zone A: Maine, New Hampshire, Vermont, northern New York, Michigan, Wisconsin, Minnesota, North Dakota, South Dakota, and northern Iowa.

Zone B: Massachusetts, Rhode Island, Connecticut, southern New York, New Jersey, Pennsylvania, southern Iowa, Nebraska, and the northern parts of Ohio, Indiana, Illinois, Kansas, and Missouri.

Zone C: Delaware, Maryland, District of Columbia, Virginia, West Virginia, Kentucky, and the southern parts of Ohio, Indiana, Illinois, Kansas, and Missouri.

Zone D: North Carolina, South Carolina, Georgia, and Florida east of the Apalachicola River.

Rations may have to be adjusted in some areas if there are any wide temperature variations from the norm on which the zoning is based.

• **Heat-loss Factors**—Two other important factors in determining individual rations will be the insulation characteristics of the house and the efficiency of the heating plant. If the showings in these cases are too bad, however, the householder will be expected to cut down the heat loss through repairs rather than get an additional fuel allowance.

Supplemental rations may be issued by local rationing boards in cases where the householder is unable to make the needed improvements, or in case of sickness or "other special factors," with the proviso that those who could have converted to coal, but didn't, will not get any supplemental rations.

• **Conversion to Coal**—Speedy conversion to coal, where possible, is urged throughout the United States. The Office of the Petroleum Coordinator foresees a nation-wide fuel oil shortage by next winter and expects it to get progressively worse the longer the war lasts. It is believed that if the total fuel oil demand is not cut by another 100,000,000 bbl. by this time next year through voluntary conversion, compulsory conversion may be necessary.

A recent survey showed that, although 18% of the home owners in the Eastern area could convert to coal with only moderate expense, only one-third of these have done so as yet.

• **In Industry**—All industrial users are being urged to convert to coal immediately, even if the cost of the new equipment runs as high as \$3 or \$4 per barrel of annual fuel oil consumption, unless the amount of critical materials required outweighs the oil saving. OPC engineers will be available to advise on this, and WPB has agreed to expedite priorities for coal burning equipment.



William M. Jeffers, (right) president of the Union Pacific R.R. and new boss of rubber, gets some supplementary advice in a New York conference with Bernard M. Baruch, head of the special committee which blasted the government's handling of the rubber crisis. The Jeffers appointment was generally applauded, but

Washington insiders believe he is in for bumpy going. While admitting Jeffers' ability and integrity, some motor interests wonder if a veteran railway executive can avoid unconscious prejudice in handling a problem vital to his most serious competition—highway transportation and the automotive industry.

Jeffers' Handicap

Motor industry watches railroader, in rubber czar post, for fear he may fail to assist highway freight haulers.

Appointment of William M. Jeffers as the nation's rubber czar (BW—Sep. 19'42,p15) has met with vehement behind-the-scenes criticism from some trucking interests. Thus far, however, they have been unable to rally rubber-tired transport organizations to the point of criticizing his appointment openly.

• **Bank on Reputation**—General attitude among members of such groups as the American Automobile Association, the Automobile Manufacturers Association, the National Highway Users Conference, and others is that Jeffers has a high reputation for integrity and administrative ability, and should be given an entirely fair opportunity to develop his job before being criticized.

Officially, it appeared that the American Trucking Association would also adopt this policy line, despite fears of some of its influential members that Jeffers, a railway man, would never be

able to bury prejudices which the highway transporters say are bred into railroaders all their working lives.

• **Critics' Point of View**—Criticism on the Jeffers appointment seems based on the long antagonism between railway and highway transport groups, and was spearheaded by the declaration that the Union Pacific president does not at all fulfill the blueprint for a rubber czar set down in the Baruch report. It is freely admitted that Jeffers is a man of integrity. But the report also listed other qualifications which the critics say are lacking in the appointee—that he be a practical operating and manufacturing executive, and that preferably he be familiar with the rubber business.

This is not the united front of the truckmen. Some of them say that it would be extremely difficult to find someone familiar with the rubber business who was not actually in it or closely identified with one company or another. Inasmuch as this thesis precludes selection of a rubber expert, the viewpoint is that a railway man as well as any other might as well be selected.

• **Armed Neutrality**—Automobile industry sources, meanwhile, make a cogent point: Jeffers knows from the beginning that he, as a railroad man, is on trial in an atmosphere close to armed neutral-

ity insofar as highway shippers are concerned. He is being watched carefully by other groups whose destinies are tied up with rubber-tired transportation.

"The situation is a bit like that confronting William S. Knudsen when he went to head OPM," one executive pointed out. "Knudsen's presence in Washington may have been an actual inadvertent handicap to General Motors, for he had to be sure at all times that he wasn't favoring his old company."

• **The Truckers' Worries**—The critical thesis against Jeffers, however, grows out of analysis of conflicting philosophies on rubber conservation and distribution which some trucker interests read into the Washington picture.

The prevailing Washington attitude, they say, has been negative—that civilian and military demands must be stripped to the bone. The Baruch report, they continue, was a positive report. It stressed the need for expanding the synthetic rubber manufacturing program far beyond previous dimensions.

• **Choice of Attitudes**—So, this argument runs, Jeffers can now adopt an attitude of positivism or negativism. Those outlining this viewpoint fear he will go to the negative side, influenced by railway-bred belief that rail transport is basic, the others simply adjuncts.

Big Steel's Land

Outmoded mills have gone on the block to the tune of \$60,000,000, but all are active producers for the war.

Six years ago, U. S. Steel Corp. subsidiaries undertook an aggressive program of marketing \$60,000,000 worth of surplus real estate. This had accumulated throughout decades of mergers, process upheavals, and other changes which tend to put an old plant out of operation because its output can be obtained more economically from some other mill (BW—Feb. 4'39,p22).

• **C-I's Last Piece**—Last week the largest of Big Steel's subsidiaries, Carnegie-Illinois Steel Corp., was on the verge of disposing of its last piece of real estate under roof. There still was plenty of unimproved land on its books, but all of this represented only a tiny remnant of 1939 inventory.

What boosted the successful disposal of these antique plants was the war. Big Steel's real estate department and its broker friends quickly saw that the armament program put a premium on industrial buildings already erected and available for immediate delivery.

• **No Time Lost**—Hence, without exception, the corporation's big real estate sales of the recent past have been to

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Answering inquiries and handling customer problems at Ryerson.

True: **Steel is Short—** **But Ryerson Often Solves the Problem**

IN America's vast production effort, there is some man in every company who is responsible for *getting* steel—a man who must get things *done*. In some plants he's called an "expeditor". But whether he is purchasing agent, expeditor, or plant manager, he *must get results*.

Ryerson Steel Service is built to order for his needs! When steel problems become a stone wall, Ryerson usually can come thru with some practical solution. A suitable alternate for steel that's vitally needed, but isn't in stock; a suggestion for heat-treating, machining, welding, or some other way to adapt the steel at hand; rush handling and delivery that will lay the steel down where it's needed, *when it's needed!*

It's nothing new at Ryerson to be cutting corners to help customers solve steel prob-

lems with speed. Ryerson has been doing that for a century—and the experience, the skill and the knowledge of steel and its uses, built up over that hundred years of superlative service, are standing Ryerson and Ryerson customers—in good stead under today's emergency conditions.

While this is all in the day's work for Ryerson Steel-Service men—you must keep in mind that we are entirely out of many kinds and sizes and that all must be sold in strict accordance with the WPB program.

This help in getting things done is available to your organization. Ryerson Steel-Service men are easy to reach; they'll give you prompt consideration. Joseph T. Ryerson & Son, Inc., Chicago, Milwaukee, St. Louis, Cincinnati, Detroit, Cleveland, Philadelphia, Buffalo, Boston, Jersey City.

RYERSON STEEL-SERVICE

purchasers who forthwith began using them for war purposes. A compelling argument has been that there was adequate labor in these communities, much of it left over from the active days of the salable plants, and that this labor force already was adequately housed.

Hence, to take over one of these plants would involve far less economic and social upheaval than building a new plant elsewhere.

• **Civil War Plant Split**—Oldest plant involved is the Pencoyd Works in Philadelphia. This mill made munitions for the Civil War, has made munitions for every subsequent U. S. war. This time, however, only a fraction of the existing capacity could be satisfactorily used for Carnegie-Illinois's steel output. The surplus was disposed of in two chunks.

What had been a structural steel fabricating shop and a heavy machine shop were sold to Empire Ordnance Corp. An obsolete rolling mill department at Pencoyd was sold to Taylor-Davis, Inc., for fabricating war essentials. Taylor-Davis needed the space because it had been forced out of its former plant by the wartime expansion of Midvale Co.

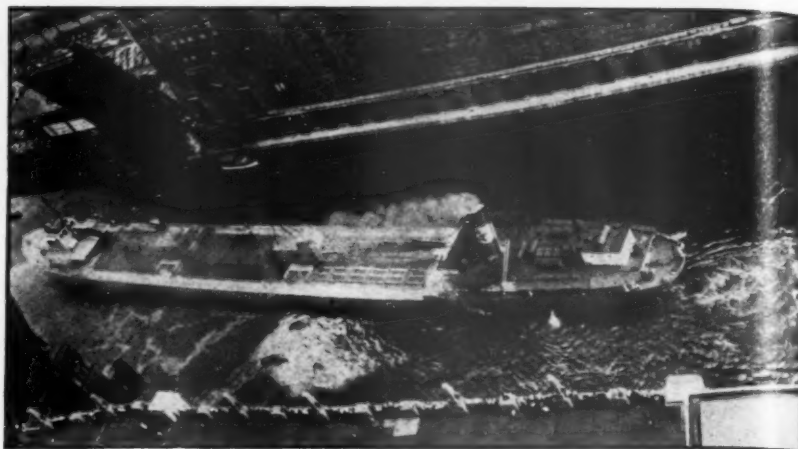
• **Municipal Purchaser**—The most familiar pattern of these plant sales is disposal of a factory to another owner which converts it immediately to war production, either for its own use or for third-party operation. Some of these sales of real estate were preceded by sale of equipment to other users.

The New Castle (Pa.) tin mill was sold to local city and county authorities, who in turn leased the property to a steel fabricating company with large war orders. The American Works, an ancient sheet and tinplate mill at Elwood, Ind., was sold to A. Deitch Co., which has been subdividing the plant property.

• **One Building Moved**—The Monessen (Pa.) sheet and tin mill was sold to Pittsburgh Steel Co. as a site for expanding its steel mill and for byproduct coke operations. The Laughlin Works, a sheet and tinplate mill at Martins Ferry, Ohio, was sold to Blaw-Knox Co. A building at Guernsey Works, Cambridge, Ohio, was sold to Jones & Laughlin, which moved the building to increase the capacity of an existing mill elsewhere. What remained of the works went to Community Industrial Assn.

One large mill, that of National Tube at Gary, Ind., represented excess capacity. U. S. Steel formed a new corporation, the Tubular Alloy Steel Co., which acquired the mill to make alloy tubes.

• **DPC Bought Two**—Most recent completed sale was the Shenango Works (sheet and tinplate) at New Castle to Defense Plant Corp. Currently under negotiation for undisclosed war-industry purposes is the 450,000-sq.-ft. Canonsburg Works, a former sheet and tinplate mill. Purchase is being made by Defense Plant Corp.



WAR TRAFFIC JAM

An excellent index of the wartime resurgence of inland waterway traffic came at lunch hour last week when the 413-ft. S.S. Frank E. Vigor of the Columbia Transportation Co., outbound in the Chicago River and drawing 30 ft. of water, ran aground on a streetcar tunnel. Old inhabitants said the last similar mishap occurred about 20 years ago to the grain carrier Con-

stitution. With the Vigor stuck at Washington St., two bridges were temporarily out of commission. Traffic was tied in a bowknot until the crew, aided by Navy personnel, eventually shifted enough cargo to work the ship free from the curved roof of the tubes. The Vigor was carrying 5,715 net tons of Texas sulphur that it had loaded at the Chicago terminal of the Federal Barge Lines for delivery to a downlakes steel mill.

Obit of a Pet

Roosevelt wrote it when he shelved the St. Lawrence power project for the duration. Public power bloc crushed.

Shelving of the St. Lawrence power project for the duration not only is a bitter renunciation by President Roosevelt personally but a crushing blow to the Administration's public power bloc which hoped that the war emergency would add this capstone to their program.

• **Didn't Duck**—The President himself questioned the wisdom of starting construction now. He could have ducked the question put to him at the press conference. He had ducked questions concerning the St. Lawrence often enough before.

Obstruction of his long-cherished plan, he stated, has resulted in such delay that it was a question whether materials needed in immediate war production should be taken on the assumption that the war would last more than three to three and one-half years longer, the time required to bring in St. Lawrence power.

• **Reproof to Olds**—Roosevelt's remarks reproached opponents of his pet project because the power actually is needed.

But they were also construed in some quarters as a reproof to Chairman Leland Olds of the Federal Power Commission for talking out of turn. Two days earlier Olds had made a full-dress speech calling for immediate start of St. Lawrence construction as a vital war need, without checking his manuscript with the White House.

Further, as the President is willing to forego for the duration his lifelong ambition to get the St. Lawrence built, it should be more than a hint to other New Deal public power advocates. Their dreams have been deferred or projects skimmed on materials, and now they are tacitly told to take it and smile.

• **Salve for a Peeve**—Roosevelt could have been merely accepting the fact that both Congress and WPB have little use for St. Lawrence as a wartime project. More likely, Roosevelt was heading off a threatened boiling over from the public power crowd who have been brooding since WPB, a month ago, halved the federal power construction program (BW-Aug. 15 '42, p13) and utility expansion to divert critical materials.

Hardly anyone will be lulled into believing that the New Deal intends to scrap its plans for spreading public power wherever it can still get a toe-hold. Roosevelt's "sacrifice" of the St. Lawrence for the duration, however, could mean he is willing to permit an armistice until the war's won.

New York's First Bank
Established 1784



Personal Trusts
Since 1830

Blindsight

BACK in 1887, a successful New York business man wrote what proved to be his final will. It carried these provisions for the management of his estate:

"I hereby authorize my executors to retain any investments I may own... so long as they deem best; when they deem it best to make such change, they shall reinvest the proceeds in bond and mortgage upon real estate, or in first mortgage bonds of—"

and here he specified two railroad companies. The will authorized no other procedure.

Today, 55 years later, it is easy to see where this gentleman was wrong. He did not foresee the disasters which real estate values were to suffer. He did not anticipate the changes which both those railroads would undergo. He did not know that future Federal and State laws would lay relatively heavy burdens on income from such securities.

Worst of all, these narrow restrictions prevented proper diversification of risk. They left no room for investment in profitable new industries, many of which were unknown when the will was drawn.

Any *inflexible* investment plan can wreck any estate in a brief span of time, and never so swiftly as in time of war. It is vital to recognize that change is unceasingly at work, and provision should be made to keep pace with it, as far as is humanly possible.

Realizing the difficulties of investment management in an era of sensational scientific and industrial change, this Bank maintains an extensive investment research organization. Its continuous studies benefit the Bank's customers, and serve as a guide in the management of trust and other funds in the Bank's care.

BANK OF NEW YORK

48 Wall Street — New York

UPTOWN OFFICE: MADISON AVENUE AT 63RD STREET

Commercial Banking

Executor and Trustee

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*"Your delivery
broke all records ---"*



*An Anker-Holth
shipment made the
day the order was entered.*

*Final inspection of Anker-Holth
air cylinders.*

So writes a production official of one of America's foremost electrical manufacturers. His problem was economical and immediate mass production of parts for large war contracts.

Anker-Holth filled his needs by prompt shipment of high speed revolving air cylinders.

Wire, or phone, your air cylinder and air operated chucking device requirements to Anker-Holth. You will find deliveries exceptionally prompt.

Write for Bulletin!

Anker-Holth Mfg. Co.

"AIRGRIP" CHUCK DIVISION

332 S. MICHIGAN AVE · CHICAGO, ILL.

Movers Team Up

Four van lines establish their own information office in Chicago to pool facilities and avert idle runs between cities.

Under a recent order of the Office of Defense Transportation, four big intercity, interstate movers of household furniture are this week opening in Chicago their own office to clear information on exchange shipments and otherwise to facilitate the movement of household goods. Expenses of operating the office will be shared by the participants: Aero-Mayflower Transit Co., Greyvan Lines, United Van Lines, and North American Van Lines.

• **To Fit Specialized Needs**—The new office is really the movers' effort to provide for their specialized needs a service like that provided by the truckers' Joint Information Offices recently opened in Chicago, Des Moines, Detroit, and Washington for general commodity haulers (BW—Sep. 19'42, p37). It serves as a clearing house for partial loads and return loads to cut down dead mileage.

Under the ODT order, these carriers of household goods must register with their new office all shipments they are unable to handle because of ODT restrictions and empty or partially loaded equipment for which no shipments are available.

• **Can Use JIO, Too**—Use of their own cozy little clearing house in no way bars the intercity movers from using the Joint Information Offices which serve all truckers. The furniture mover who cannot get a return load of his special type of freight from his own joint office is still under obligation to check in with the JIO and see what he can stir up.

Reason for the specialized office for household movers is that their problem is basically different from that of general commodity truckers. Off the record, they are afraid that a general trucking office, lacking familiarity with these differences, might send their vans on wild-goose errands that would hamper their usefulness in moving furniture.

• **Difference in Operation**—The general commodity trucker functions like a railroad or an ocean line, still maintains—within the limitations imposed by ODT—scheduled service between regular points, whether or not he has a load. The household furniture hauler, on the contrary, functions more like the operator of ocean tramp steamships; he sends his van only where there is a load to deliver or a load to pick up.

This irregularity of route, characteristic of household furniture moving, has long made these firms acutely conscious of the menace of dead mileage to profits.

• **Strategic Routing**—Each line has done



With Flying Colors!

IN the months that have elapsed since Pearl Harbor, America's fighters and workers have performed miracles. They have accepted grimly and without complaint the hardships and deprivations of modern war. They are demonstrating beyond question that this generation is prepared to fight, to sacrifice, to work, and to endure to protect its liberty and freedom.

Industrial America has been asked to perform prodigious tasks. It has accepted

its new responsibilities and obligations without question—and has come through with flying colors. And the colors that fly from the roof tops of war plants—the Stars and Stripes and the awards of achievement—tell the story of men and women who are working as they never have before—workers united in the determination, "We Can! We Will! We Must!"

The War Flags of Bausch & Lomb: (1) The Service Flag carries a star for each of 700 employees in the armed services. (2) The Army-Navy "E" flag,

awarded to Bausch & Lomb September 6, 1942.

(3) The original Navy "E" awarded July 25, 1941; Bausch & Lomb was among the first 14 companies to receive this recognition. (4) The All-Navy "E" burgee, awarded May 18, 1942—the first award with the added star, signifying continued compliance with requirements for over six months. (5) The Treasury Flag, flown only by companies in which 90% of all employees are investing regularly in War Bonds; Bausch & Lomb qualifies with 99% participation.

BAUSCH & LOMB
OPTICAL CO. EST. 1853



AN AMERICAN SCIENTIFIC INSTITUTION PRODUCING OPTICAL GLASS AND INSTRUMENTS FOR MILITARY USE, EDUCATION, RESEARCH, INDUSTRY AND EYESIGHT CORRECTION



In war as in peace,
production is
speeded most when
shipments travel by
the sky route—AIR
EXPRESS.



Essential war materials
are given air transportation
priority. For
details phone Railway
Express Agency, AIR
EXPRESS DIVISION, or any
airline.

NOW IN ITS 16th YEAR

AIR EXPRESS
Division of RAILWAY EXPRESS

its solitary best to function as a self-contained pool, routing its trucks so that they could fill partially loaded equipment en route.

Sometimes the longest way round might be the cheapest way home. Thus, a truck leaving Chicago for Cleveland might pick up at Toledo a partial load for Pittsburgh, then proceed empty to Wheeling for a load into New York City, whence it would start west with a full load for Chicago if obtainable.

• **Keeping 'Em Rolling** — Operating trucks thus effectively depended entirely upon the ability of a van line's local representatives to book enough orders to keep 'em rolling full. The new joint office of the four big companies represents an effort to do the job still more effectively by pooling all the intercity jobs booked by the four firms and splitting them up to the best advantage.

How much business will actually be thus exchanged is as yet pure guesswork. The household movers traditionally have been close-mouthed about their statistics. A major hope of more liberal elements in the industry is that this first attempt at working together may relax some of the secrecy.



LEND-LEASE CASUALTY

Cases of canned sausage, cases of prunes, and barrels of dried skimmed milk in storage for lend-lease export were piled to the rafters in this Cleveland warehouse when suddenly the second floor sheared off under its burden, and steel beams punched a hole in one side of the brick building. A large part of the food was undamaged, but the building required a major operation.

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LACK OF METAL
HAS US STYMIED—
BUT I DOUBT THAT
GLASS CAN HELP

MR. DEAN, MODERN GLASS
HAS SOLVED TOUGHER
PROBLEMS THAN
YOURS!

Manufacturers short of metal are discovering that modern glass—tough, pliable, plentiful—is the practical answer to many a metal replacement problem

Glass wears better than metals

Modern glass has greater abrasion resistance than metals, lower specific gravity, better resistance to heat. It has remarkable compressive and tensile strength, is immune to most chemicals. Glass is harder even than steel, expands under heat less than metals, is a non-conductor.

Who is using glass for metal?

Many manufacturers are now making their once-metal product either partly or wholly of glass. Today you find glass floats, coil cases, relay cov-

ers and funnels...turpentine cups, photograph tanks, mail boxes, hairbrush handles, all made of glass, all doing an effective, economical job.

IMPORTANT: For metal-shy manufacturers

If you have even an idea that glass might replace metal in your business—give Anchor Hocking research engineers the chance to work on it for you. Their broad experience, ingenuity and technical knowledge of glass are at your immediate disposal. Write, wire or call Industrial Division, Lancaster 3000. No obligation, of course.



ANCHOR HOCKING GLASS CORPORATION

Industrial Division • Lancaster, Ohio

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CITATION

To The Office Workers Of America . . .

As contributors to the war effort, they merit your praise and recognition.

Consider what our country has gained through the spirit and ability of these men and women.

No other country has produced office workers of such alertness, ambition and progressiveness.

Nowhere else have such workers been so willing to improve their methods, so consistently eager to replace the old and slow with the new and quick.

This has resulted in the creation of a huge office machinery industry of which Underwood Elliott Fisher is proud to be a part.

Because this industry exists, our Army and Navy possess a supply of typewriters and other office machines unmatched by any of the enemy.

Because this industry exists, our

country possesses a group of manufacturing plants—built to supply the world's greatest needs for office machines—now turning out large quantities of important war materials.

Day after day we read of deserved awards to factory workers . . . here is our tribute to America's office workers.

And here is our promise to those workers, several million of them our valued customers.

No matter what the difficulties, our maintenance service will continue undiminished from coast to coast.

We shall continue to provide spare parts . . . as well as a complete line of carbon paper and ribbons unsurpassed in quality, for every make of office machine.

And we shall continue to devise and suggest methods for conserving their typewriters, adding and accounting machines and for operating these machines with greater efficiency.

Underwood Elliott Fisher

HELPS SPEED THE NATION'S VICTORY

Underwood Elliott Fisher Company, One Park Ave., New York, N. Y.

Working for Uncle

Ordinance inspectors of the Pittsburgh area, civil servants, carry their wage plight to the President. Answer: Much silence.

The men and women whose stamp of approval sends bullets and artillery shells from production lines to the war fronts feel slighted in the trend of rising wages and are looking to President Roosevelt for assistance. As Civil Service ordinance inspectors double-checking on war production, they call themselves "personal employees" of the Chief Executive.

• **Letter to the "Boss"**—Their grievance came to light in an appeal to the White House. Lacking union organization, a handful of veteran ordinance inspectors in the Pittsburgh Army Ordnance District sent a letter to the "boss."

Buttressing the appeal was the argument that, whereas workers in private industry enforce pay hikes by strikes that interrupt war production, inspectors as civil servants are limited by law to monthly salaries ranging from \$120 to \$160, plus only occasional overtime. Company checkers, working alongside the civilian Army employees and performing virtually the same duties, are paid two to three times as much, with the added advantages of organization.

• **All Would Be Effected**—Although the petition represented only about 1,500 men and women in the Pittsburgh Ordnance District, any reaction to their requests would effect approximately 5,000 inspectors employed in the other twelve ordinance districts. Under Civil Service regulations, pay increases given one group would be distributed throughout its classification.

Presenting no ultimatum, the inspectors wrote Mr. Roosevelt:

Since we are too patriotic to force the issue of higher wages, it certainly makes our blood boil when unions and individuals are allowed to interrupt the war effort by strikes and shutdowns to force their employers to pay them higher wages.

So we are appealing to you, Mr. President, as our Commander-in-Chief and respected employer, to use your influence to see that your personal employees are well taken care of.

Not that we are crying—because we realize, maybe more than a lot of other people, how much this war means to the future of the U.S.—but we cannot quite understand why, just because we are government employees, we should suffer when the greatest majority of private employees have plenty.

• **Unanswered**—The appeal remained unanswered a fortnight after the letter was sent the White House, with carbon copies going to appropriate Army and Congressional authorities. From Pittsburgh Army Ordnance officers it drew such reams of official silence as might

**"I'M WALKING ON AIR
SINCE WE REPLACED
SLOTTED WITH
PHILLIPS SCREWS!"**



**"AND DON'T FORGET!
PHILLIPS SCREWS
COST LESS TO USE"**



ONE SLAB—NINE BILLETS

Nine true billets are cut from one 140-in. slab by American Rolling Mill with one pass of the ten oxyacetylene flames of an Airco Radiagraph. New highspeed cutting tips developed by Air Reduction are reported to be increasing former flame-cutting speeds 20%-30%.

have followed a request for a complete set of plans of the Panama Canal. In fact, everybody concerned professed little knowledge of the incident.

STOCKHOLDER-SUGGESTERS

A new twist in management-stockholder relations is being given by George A. Mohlman, president of Package Machinery Co., Springfield, Mass. To his 500 stockholders, he has written for suggestions on "what machines and equipment should be developed for postwar markets."

Over 30 replies to date contain practical ideas. One suggests reasonably-priced bread-wrapping machinery for small bakeries. Three of them foresee a postwar standing army and urge new machinery for automatically packing small munitions. Eight others look for widening airplane and automobile markets, suggest manufacture of machinery to produce their parts. Most of the replying stockholders compliment Mr. Mohlman on his initiative, and pledge future suggestions.

Easier Work • Less Fatigue • No Production Slumps = 50% Less Assembly Time with Phillips Screws

Take a man who is being asked to put his "all-out" effort into assembly work.

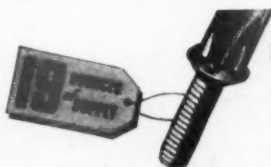
You have been giving him slotted screws. Did you ever try to speed up using slotted screws? It's just inviting trouble, that's all; if you aren't slow and cautious, you'll end up with split screw heads, screwdriver scars and loose assemblies.

But give that fellow Phillips Screws and watch him go — particularly if he was using a hand driver before. With Phillips he can use power drivers — electric or

pneumatic — for there's no danger of the driver point escaping from the screw recess. It's just a matter of . . . point the driver . . . and let her go. Phillips Screws drive straight automatically and can be "rammed home" without danger of the heads splitting.

No wonder a changeover to Phillips makes such a difference in output — quality — and employee morale. And the big saving in time also means an average of 50% saving in cost.

Write to any of the firms listed below for further facts.



PHILLIPS RECESSED HEAD SCREWS

GIVE YOU 2x1 (SPEED AT LOWER COST)

**WOOD SCREWS • MACHINE SCREWS • SHEET METAL SCREWS • STOVE BOLTS • SPECIAL THREAD-CUTTING SCREWS
• SCREWS WITH LOCK WASHERS**

American Screw Co., Providence, R. I.
The Bristol Co., Waterbury, Conn.
Central Screw Co., Chicago, Ill.
Chandler Products Corp., Cleveland, Ohio
Continental Screw Co., New Bedford, Mass.
The Corbin Screw Corp., New Britain, Conn.
International Screw Co., Detroit, Mich.
The Lamson & Sessions Co., Cleveland, Ohio
The National Screw & Mfg. Co., Cleveland, Ohio

Whitney Screw Corp., Nashua, N.H.

New England Screw Co., Keene, N.H.
The Charles Parker Co., Meriden, Conn.
Parker-Kalon Corp., New York, N.Y.
Pawtucket Screw Co., Pawtucket, R.I.
Pheoli Manufacturing Co., Chicago, Ill.
Russell, Burdall & Ward Bolt & Nut Co., Part Chester, N.Y.
Scovill Manufacturing Co., Waterbury, Conn.
Shakeproof Inc., Chicago, Ill.
The Southington Hardware Mfg. Co., Southington, Conn.

MINIMUM RATE

Posted...

CEILING PRICE
505 \$4
ROOMS

Today a minimum rate room at The Lexington costs exactly the same as it did in 1939! It's still \$4.00—and more than one-half the total number of rooms in "New York's Friendly Hotel" are now, as before, available at that ceiling price...all outside with combination tub and shower, circulating ice-water, full-length mirror, four-station radio. Home of the famous Hawaiian Room.

Hotel Lexington

Charles E. Rochester, Vice-Pres. & Mng. Dir.
LEXINGTON AVE., AT 48th ST., N.Y.C.

When Oster motors went to war

... the fractional h.p. field gained a new, but well-seasoned, dependable source

NEW — because Oster electric motors had not previously been offered in the market.

SEASONED — because Oster has been building similar motors for 15 years, exclusively as original equipment for its own appliances.

DEPENDABLE — because Oster's peacetime requirements have always called for the very qualities which are essential in war applications.

John Oster Mfg. Co.
Racine, Wis.

★
SIZE RANGE
.0024 to
.25 H.P.



WAR BUSINESS CHECKLIST

The Week's Orders

A digest of new federal rules and regulations affecting priorities, price control, and transportation.

• **Services**—OPA has begun distribution of Manual No. 2, "How the Price Regulation Applies to the Service Trades," among the 600,000 service establishments to which it applies. Manual explains how to arrive at maximum prices under the service trades regulation and is being distributed through all regional and state OPA offices, rationing boards, trade associations, and the press.

• **Food**—The Office of Price Administration is rushing preparation of a new price regulation expected to relieve growing shortages among retail and wholesale outlets of many important food products. The regulation, due early in October will allow increased prices to eliminate squeezes between retail and wholesale prices and the prices those distributors pay producers. OPA admits inflationary effect but explains necessity of lifting ceiling when producers' prices had risen in March and there was no corresponding increase in distributors' prices. As a result, distributors having to pay higher-than-normal prices, have re-

fused to carry products effected by the squeeze, and housewives are beginning to find shortages.

Price ceilings—the first to be fixed on any fruit—will be placed over dried prunes and raisins at the grower level under an OPA regulation soon to be issued.

Ripe olives have been added to the list of products which now can be packed in tin cans. (Amendment 3 to M-81.)

Hominy feeds, a by-product in the milling of corn used largely for animal feeding, have been exempted from the General Maximum Price Regulation to avoid dislocations in supplies. (Amendment 26 to Supplementary Regulation 1, GMPR.)

• **Sugar**—Rationing regulations have been amended to provide more equitable geographical distribution of sugar and to avoid crosshauling. Changes authorize adjustment of present marketing zones but prohibit movement of sugar from one zone to another. Deliveries of sugar to primary distributors on orders or contracts calling for delivery more than three days after they are received or made are prohibited. (Amendment 13 to Rationing Order 3.)

Manufacturers who use sugar in finished products delivered to the U.S. Army or Navy can qualify for replacement of sugar even though actual delivery is made by an intermediate com-



American Zinc Co. of Illinois
Monsanto, Ill.
Budd Wheel Co.
Detroit, Mich.
Burgess-Norton Mfg. Co.
Geneva, Ill.
Colorado Fuel & Iron Corp.
Pueblo, Colo.
Electro-Metallurgical Co.
Niagara Falls, N. Y.
Enterprise Wheel & Car Corp.
Bristol, Tenn.

Eric Forge Co.
Eric, Pa.
Isaacson Iron Works
Seattle, Wash.
Kennecott Copper Corp.
Bingham, Utah
Linde Air Products Co.
East Chicago, Ill.
Marion Steel Shovel Co.
Marion, O.
Richmond Shipyard Corp.
Richmond, Cal.

Selby, Battersby & Co.
Philadelphia, Pa.
Specialty Screw Machine
Products Co.
Lancaster, Pa.
Western-Walker Co.
Los Angeles, Cal.
Wickwire Spencer Steel Co.
Palmer, Mass.
Wilson-Snyder Manufacturing
Division
Braddock, Pa.

(Earlier winners of the Army-Navy award for excellence in production will be found in previous issues of Business Week.)

ST
GET OUT OF THE WAY, BOSSIE ...



23-ton bombers will land here in a few hours!

GOSH, a cow can't call a meadow her own these days! A camel has no privacy in the desert! Even a crab on the beach may get chased away by a crew of American soldiers building a full-fledged airfield overnight—thanks to a new invention developed by U. S. Steel research.

Now any piece of fairly leveled ground can be an airport, even though it's treacherous sand or boggy pasture.

This new "magic carpet" is a steel landing mat made up of hundreds of lightweight perforated sections that lock tightly together. One company of soldiers can assemble or dismantle it in a few hours. And the portable airfield travels right up to the front by truck, railroad or barge.

One top Air Force officer called it "the year's greatest achievement in aviation." This invention has been made available to important steel fabricators—so war production will be speeded.

Peacetime research in U. S. Steel's 174 laboratory organizations has made it possible for the nation to get the right steels for rigorous mechanized warfare. New steels that make our destroyers' turbines more powerful. New steels that help bring our bombers safely home. New steels that make our tanks the toughest on earth.

Our enemies will learn to their sorrow that not only America at peace—but America at war—has a backbone of steel.

FACTS WHICH WILL NOT GIVE AID AND COMFORT TO THE ENEMY

Since the war began in Europe, America's annual steel capacity has increased nearly 8,000,000 tons. This increase alone adds more steel than Japan's yearly capacity.

A new way of making bomb shells (developed at a plant of United States Steel and now being adopted by other plants) speeds bomb production many times over.

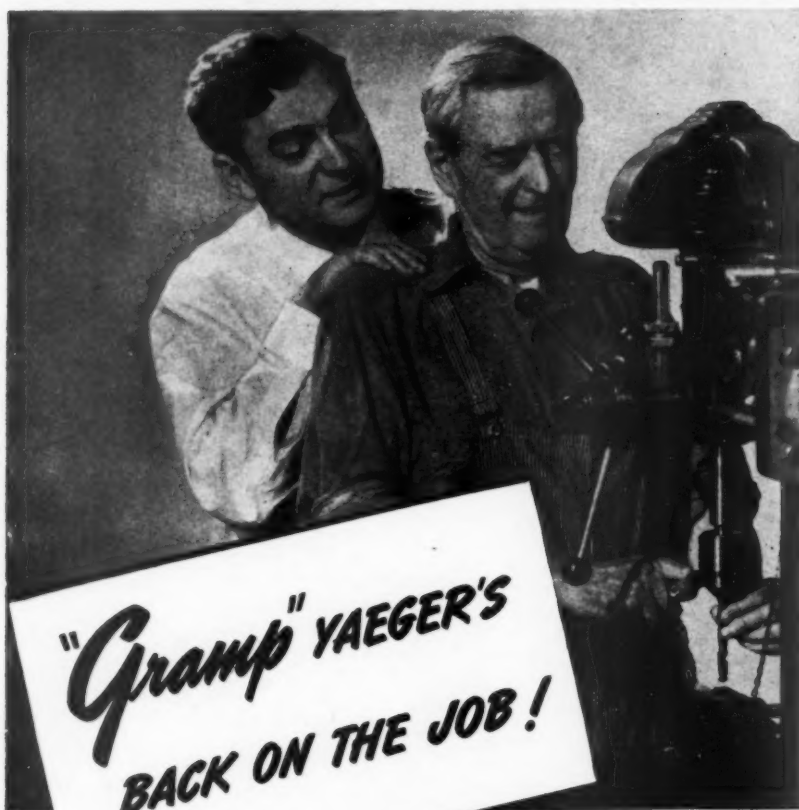
In May a unit of United States Steel broke a world's record by the multiple launching of four United States destroyers in 50 minutes. In July three more destroyers were launched by the same company in a brief 28 minutes . . . these are in addition to other ships launched singly and in pairs.



UNITED
STATES
STEEL

AMERICAN BRIDGE COMPANY • AMERICAN STEEL & WIRE COMPANY • CARNEGIE-ILLINOIS STEEL CORPORATION • COLUMBIA STEEL COMPANY • CYCLONE FENCE DIVISION • FEDERAL SHIPBUILDING & DRY DOCK COMPANY • NATIONAL TUBE COMPANY • OIL WELL SUPPLY COMPANY • SCULLY STEEL PRODUCTS COMPANY • TENNESSEE COAL, IRON & RAILROAD COMPANY • VIRGINIA BRIDGE COMPANY
United States Steel Export Co., Export Distributors

A MILLER Message inspired by WPB's helpful handbook, "Plant Efficiency."



"Gramp" Yaeger's typical of the thousands of skilled old-timers in industry ready and able to continue doing precision work . . . if you give them the kind of man-made daylight provided by the MILLER Continuous Wireway Fluorescent Lighting System . . .

WPB says, "When old-timers are provided with good lighting, tailored to their needs, it is frequently possible for them to keep on doing the precision work for which they are fitted."

MILLER 50 FOOT CANDLER or 100 FOOT CANDLER will provide your plant with fine, man-made daylight . . . adequate,

productive illumination evenly distributed over every working surface. MILLER TROFFERS will duplicate that performance in your plant offices and drafting room.

Better lighting will actually make your workers see better, feel better, work better. It will help speed production, cut down spoilage, improve worker morale, reduce accidents, and give you a smoother-running plant. It is constructed to effect savings in critical materials . . . in installation time and dollars . . . and in power consumption.

Just under 100 years of lighting experience . . . working with incandescent, fluorescent and mercury vapor . . . has enabled MILLER to offer through its engineers a lighting "expertness" which is at your command . . . to provide the best type of lighting system for your business. Write or wire us today and we'll get on the job at once.

BUY U. S. WAR BONDS



MILLER
50 FOOT CANDLER
100 FOOT CANDLER
MILLER TROFFERS
Continuous Wireway Fluorescent
Lighting Systems

THE MILLER COMPANY
MERIDEN, CONN.
Pioneers in Good Lighting Since 1844
• MILLER offers a complete line of
filament and fluorescent lighting equipment.

tractor. (Amendment 12, to Rationing Order 3.)

The Army Exchange Service, War Department, has been authorized to issue sugar purchase certificates to replace sugar used in products delivered to Army exchanges. (Amendment 11 to Rationing Order 3.)

• **Green Tea**—Importers, packers, and wholesale receivers must set aside for the requirements of government agencies their entire inventory of green tea which is not packed in containers of 4 lb. or less or in bags or tea balls. The order, effective without regard to existing contracts, will make green tea, formerly one-fifth of the U. S. imports, unobtainable here. (Amendment 3 to M-111.)

• **Coffee**—Because the reduction in quotas of green coffee has cut the amount of coffee in a 60-day supply, roasters are permitted to increase inventories to a 90-day supply. (Amendment 4 to M-135.)

• **Fats and Oils**—Freezing of an additional 25% of inventory stocks of coconut, babassu, and palm kernel oils by those who have 240,000 lb. or more on hand as well as 25% of future imports of these oils has been ordered. Action is designed to add to nation's stockpile of high lauric acid oils (BW—Mar. 28 '42, p34) vital as a source of glycerine as well as for food products. (M-60-a.)

• **Packaging**—WPB has set aside an adequate supply of sheetings, flannels, print cloth yarn fabrics, etc., for specified food and agricultural uses under an order assigning an A-2 rating to orders placed by dairy supply manufacturers, textile converters, or cloth merchants. Essential uses include packaging of cheese, production of milk strainers and filters, covering for tobacco seed beds and shade-grown tobacco, and manufacture of cotton picking sacks. (M-218.)

Use of new or second-hand steel shipping drums has already been prohibited for packing approximately 35 items and will be forbidden for about 200 additional food, chemical, and petroleum products after Nov. 13. This order is expected to conserve about 100,000 tons of steel annually and thus release thousands of drums for essential purposes. (L-197.)

• **Apparel**—Because comparatively few manufacturers of fall and winter knitted underwear were delivering these winter-weight garments last March, the base period for the General Maximum Price Regulation, OPA has established special ceiling prices at manufacturing, wholesale, and retail levels. In general, manufacturers' prices are those at which orders were booked during the period from Dec. 10, 1941, to Feb. 10, 1942; distributors' top levels are determined by

all this... and overtime, too!

Portland women live, play and work in a topsy-turvy wartime economy. But they live better than ever, play harder than ever — and work overtime, too!

Thousands of Portland women are active in war industries; whether they punch a timeclock or keep the home fires burning for a tin-hatted soldier-of-the-production-line, they get and **SPEND** a great big slice of the soaring payrolls of the Portland Area.

Portland has always been a good market. Now it's growing — fast and solidly as Oregon's vast natural resources are being developed into permanent industries.

In Portland 76% (112,129) of the daily Journal's circulation is concentrated and here The Journal leads by 20,450 families!

Month by month payrolls in the Portland Area are greater than those in the entire remainder of the state. In one year industrial payrolls in Portland have tripled. During the same period payrolls in the balance of Oregon's 35 counties increased only 20%.



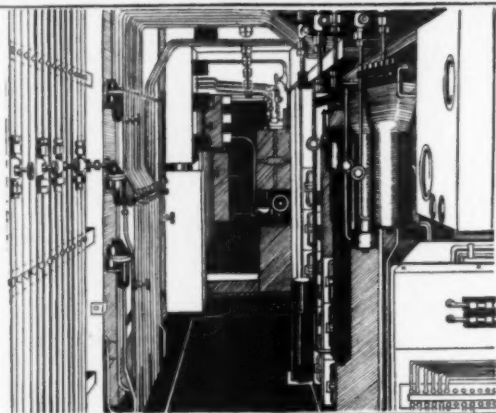
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Portland's Afternoon Newspaper

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HOW TO DO MORE WORK FASTER

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BELfone INTERCOMMUNICATING SYSTEMS

A split-second is all it takes to get complete talking contact with any department or office—or any number of them—when you use a BELfone! You just flip a switch at your elbow and instantly open a two-way conversation. No waiting for connections . . . no marking time for messengers . . . no switchboard tie-ups . . . no wasted steps . . . no delays! BELfone helps speed war production by streamlining the work of production management!

You can have any type of inter-departmental call system you want with standard BELfone units. Any number of stations; desk units or loudspeakers stations. The BELfone system you need can be installed quickly and economically. Prices are moderate, operating costs are negligible. Write today for complete information.

BELL SOUND SYSTEMS, Inc.

1187 ESSEX AVENUE, COLUMBUS, OHIO

EXPORT OFFICE: 5716 EUCLID AVENUE, CLEVELAND, OHIO



cost plus last year's percentage markup.
(Maximum Price Regulation 221)

• **Construction**—WPB's Construction Machinery Branch this week officially reminded all owners of used construction equipment that they must register it at local WPB regional offices by Oct. 1 under terms of Limitation Order L-196. Furthermore, all changes of ownership and of usage, notably at the conclusion of a present project, must be reported within one week under the regulations providing for continuous inventories.

Blanket authorizations for miscellaneous construction work over a period of six months are now available for operators of industrial plants, office buildings, apartment houses, hotels, and other "substantial buildings." No project costing more than \$5,000 can be included in applications for blanket permits.

WPB has revised project application form PD-200, which is used for obtaining priority assistance and authority to begin construction work.

• **Alcohol**—For the benefit of whiskey distilleries that are now converting their facilities to the production of industrial alcohol, sorely needed in the war effort (BW—Aug. 15 '42, p30), OPA has established a special pricing formula and given the distilleries the option of selling either at maximum prices computed under that formula or at prevailing maximum prices. Basically the formula establishes a maximum price of 50¢ per wine gallon for the basic SD2B formula of ethyl alcohol of 188–190 proof. (Amendment 2 to Revised Price Schedule 28.)

• **Typewriters**—Classification of those eligible to buy both standard and portable machines has been considerably broadened by OPA. Under terms of amendment to the typewriter order, the following groups are eligible for standard machines: persons operating merchant ships, prime contractors with Army and Navy who are conducting air transport of military personnel and supplies abroad, national office of United Service Organizations, national office of United Seaman's Service, Red Cross for use in services to armed forces, labor unions and employers' organizations producing war materials (BW—Sep. 19 '42, p8), manufacturers of aviation and lubricating oils and high octane gasoline.

Eligible to purchase portable machines are labor unions and employers' organizations, 60% of whose membership is engaged in operation of plants with A-3 priority rating, all offices of United Seamen's Service. (Amendment 5 to Revised Rationing Order 4.)

Moratorium on recall of typewriters (BW—Sep. 19 '42, p68) has been extended to apply to machines on rental

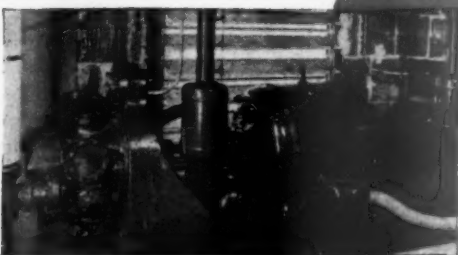
**Quietly and
Unseen-**

CENTURY MOTORS

**Stay Continuously
on the Job**



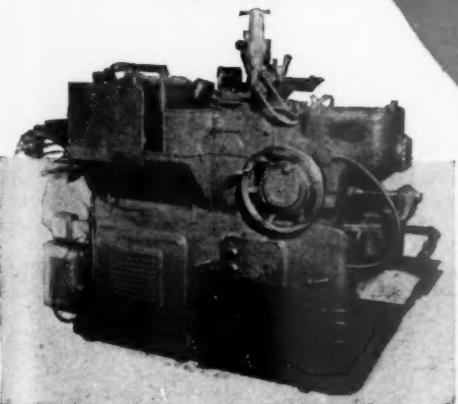
Up on the roof, these four Century splash-proof Motors drive cooling tower fans.



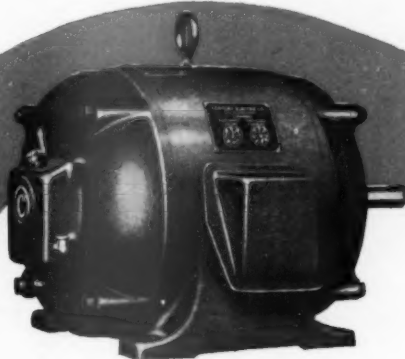
In a penthouse on the roof, this Century 75 horsepower Squirrel Cage Motor drives 2 compressors.



Driving an air washer, this Century 20 horsepower Motor is rarely seen and never heard.



Hidden inside are two Century Motors that furnish the power.



Hidden from view in the bases of machine tools — in basements, on the roof, in closets — on such equipment as stokers, air conditioning systems, refrigeration compressors, fans and blowers, Century Motors contribute to the top performance of every machine they drive.

Day after day, in thousands of such varied applications, you'll find Century Motors standing the gaff of continuous performance, often on heavy duty 24-hour production.

When you assign a job to the proper Century Motor you can practically forget the motor is there, for quietly and unseen it will meet all reasonable demands, never asking for vacations or rest periods.

There's the correct Century Motor especially designed and engineered for practically every kind of service known to industry; in a wide variety of types and sizes from fractional to 400 horsepower.

For the quick, dependable solution of any motor problem, get in touch with your nearest Century Motor Specialist without delay.

CENTURY ELECTRIC COMPANY

1806 Pine Street • St. Louis, Missouri

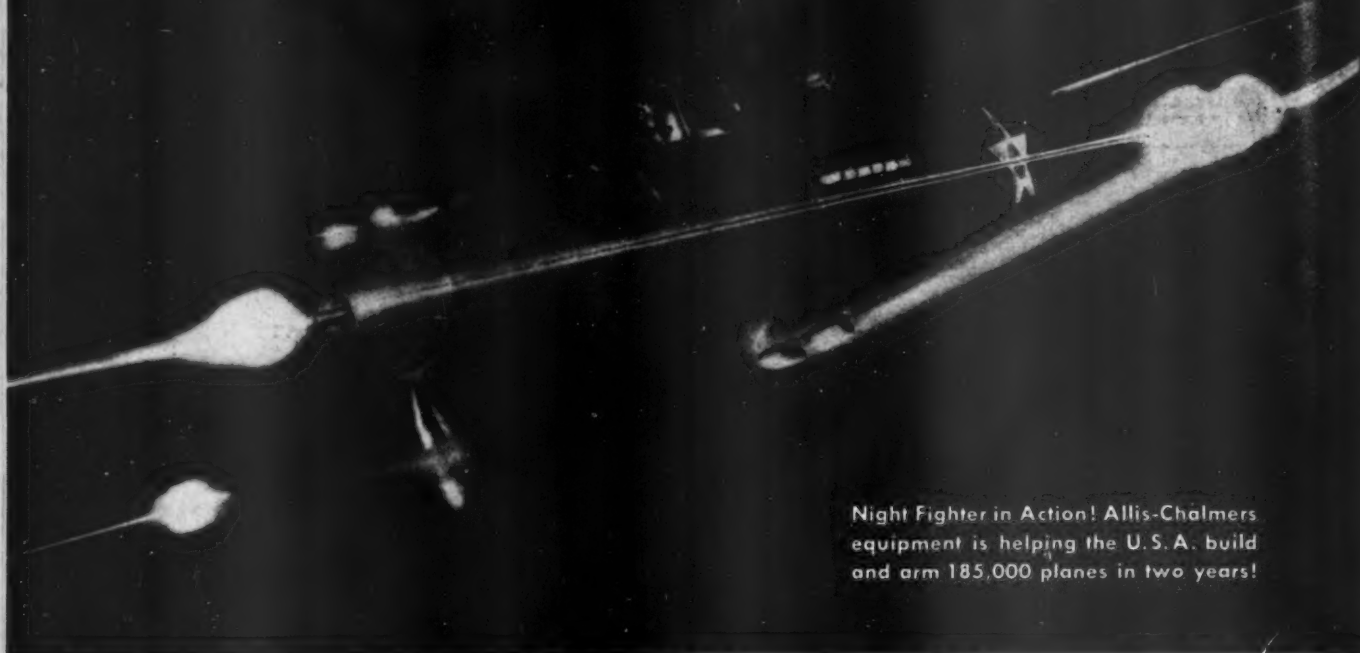
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As Century constant speed, continuous duty, open rated sleeve bearing motors are produced in quantities, you can usually expect the promptest shipments of this motor type.

ONE OF THE LARGEST EXCLUSIVE MOTOR AND GENERATOR MANUFACTURERS IN THE WORLD

PUMPING LEAD...



Night Fighter in Action! Allis-Chalmers equipment is helping the U.S.A. build and arm 185,000 planes in two years!



A-C Tractors and Bulldozers help build roads and air fields.



Allis-Chalmers equipment helps make cloth for Army and Navy.

Metal for Bullets, Machine Guns, Planes... Water Supply for Cities —flow from Allis-Chalmers Equipment!

BULLET LEAD for Night Fighters is mined and refined with the help of Allis-Chalmers equipment.

So is *steel* for guns—*aluminum* for wings!

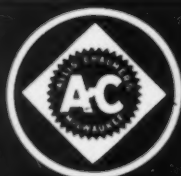
And great pumps which deliver tons of precious water to America's cities are also among the 1,600 Allis-Chalmers products.

The thousands of Allis-Chalmers employees in 8 great plants are proud that their effort aids production in *every* major U.S. industry.

And in 65 cities Allis-Chalmers engineers are on call to help you produce *more*—not just with new machines, but with machines *now on hand!*
ALLIS-CHALMERS MFG. CO., MILWAUKEE, WIS.



New Allis-Chalmers turbines add U.S. Industry's growing power.



ALLIS-CH

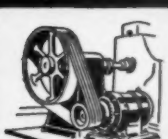
OFFERS EVERY MANUFACTURER EQUIPMENT AND ENGINEERING



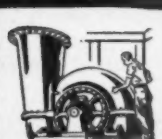
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STEAM AND HYDRAULIC TURBINES



MOTORS & TEXROPE V-BELT DRIVES



BLOWERS AND COMPRESSORS



ENGINES AND CONDENSERS



CENTRIFUGAL PUMPS

OR WATER

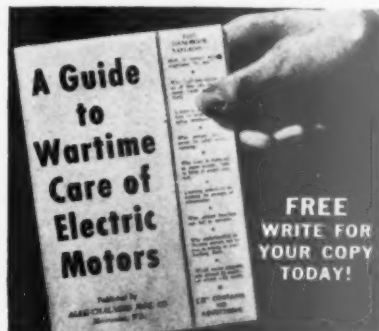


Water for Millions! Allis-Chalmers pumps help keep many of America's cities alive.

VICTORY NEWS

A New Fleet of Tugs is being built for the U. S. Navy. Their principle duty is long towing of disabled vessels in rough seas.

The most powerful of their kind in the world, most of the tugs will be driven by Allis-Chalmers electrical propulsion equipment. Their electrical equipment includes Allis-Chalmers motors, generators and control.



New Handbook on Care of Motors. With motors operating 168 hours a week instead of 40 hours as formerly, most books on motor care are seriously out-of-date.

A new handbook entitled "A Guide to Wartime Care of Electric Motors" has just been published by Allis-Chalmers. It takes a new slant at motor care and is of great value to war plant engineers and maintenance men, and particularly for training new men. *The book contains no advertising, and is available upon request.*

Rush A-C Tractors to World Battlefields. Thousands of gun-pulling Allis-Chalmers track-type tractors will soon see action in Russian and U.S. Forces overseas. These tractors differ from Allis-Chalmers regular commercial models only in additional equipment carried. The army version of this tractor is also speeded up somewhat over the commercial model.



FOR VICTORY
Buy United States War Bonds

ALLIS-CHALMERS

...ATION TO HELP INCREASE PRODUCTION IN THESE FIELDS...

WE WORK FOR
VICTORY

WE PLAN FOR
PEACE



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**CHEMICAL PROCESS
EQUIPMENT**



**CRUSHING, CEMENT &
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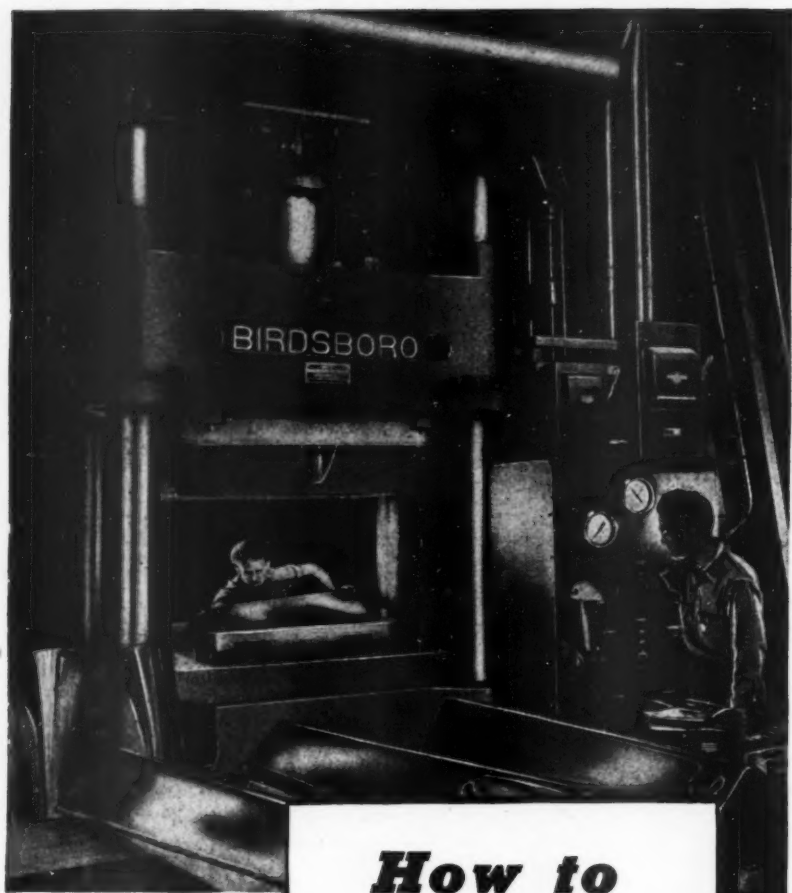
**BOILER FEED
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How to BOOST production!



This is another in the long line of Birdsboro Hydraulic Presses at work night and day in many of America's giant aircraft factories . . . helping to boost production.

Featuring the *speed* and *perfect control* that result from good design and sound engineering, this Birdsboro Hydraulic Press is helping to get more planes into the air *faster*.

When yours is a press problem, it will pay you to rely on Birdsboro's years of experience in designing hydraulic presses to meet many specific production needs.

BIRDSBORO STEEL FOUNDRY AND MACHINE CO. • BIRDSBORO, PA.



to various official branches of the Army and Navy.

• **Electric Light Bulbs**—Less than half the types of electric light bulbs and lamps currently produced will be manufactured after Nov. 1 under a new WPB order eliminating 2,000 lamps of varying voltage, wattage, color, and other construction specifications. Total production is not curtailed, but some types of bulbs in all categories of incandescent, fluorescent, and glow discharge lamps are eliminated. The WPB estimates a saving of 7% on materials now consumed—650 tons of steel, 35,000 lb. of solder, and 8,000 lb. of tungsten. In addition, approximately 1,300,000 man hours of direct labor will be released for production of radio vacuum tubes and other war products, and about 325,000 sq.ft. of floor space will be made available for manufacture of Army and Navy electronic devices. (Supplementary General Limitation Order L-28-a.)

• **Frozen Materials**—Idle or frozen materials sold under Priorities Regulation 13 may be disposed of at prices computed f.o.b. present location. Revision changes procedure under the original arrangement when freight absorption caused a substantial reduction in seller's net return on a sale. (Amendment 1 to Regulation 204.)

• **Petroleum**—Deliveries of all materials used in the production branch of the oil industry, including maintenance and repair, or used as operating supplies in other branches of the industry, have been assigned A-1-a and A-2 preference ratings, under a new order effective until Jan. 1, 1943. (P-98-b replacing P-98; Form PD-200.)

OPA in its drive against "black market" gasoline transactions has made it illegal for a person to possess a ration book not issued to him or use one which he is not entitled to use. (Amendment 10 to Ration Order 5-A.)

The Office of Defense Transportation has released 8,400 tank cars for transportation of petroleum into the Eastern Seaboard district as a result of an order restricting use after Oct. 10 of cars in short hauls to those given specific permission by ODT. (General Order ODT 7.)

• **Paper**—Uniform licensing control over all distributors of woodpulp, newsprint, kraft paper, and other paper products has been established by OPA. (Supplementary Order 19.)

• **Telephones**—Private telephone services are covered by restrictions of the wire telephone limitation order. This was made clear by WPB definition of the word "operator" in the order. (Interpretation 1 of L-50.)



Air Conditioning for a rivet

... and YOU!

Silly? To air condition rivets? Not at all. When aluminum rivets are cooled to sub-zero temperatures they can be riveted faster and more perfectly ... *speeding up airplane production.*

Many of us think of air conditioning only in terms of comfort for human beings. Yet today, air conditioning's most important job is to keep the *machines and materials* of war industry at desired temperatures and humidities.

To meet these wartime needs, revolutionary advances in air conditioning technique have been made.

Temperature and humidity are maintained *far more exactly* than ever before. Equipment is more compact, more flexible.

With the coming of peace, this experience will be applied to the making of improved air conditioning equipment for all sorts of uses.

Packaged air conditioners will be smaller, more compact, more economical—many more homes will

have them. And in offices and factories, air conditioning will lower costs and increase efficiency. General Electric will be a logical source of all types of this new equipment for air conditioning, refrigeration, heat transfer and heating.

Air Conditioning and Commercial Refrigeration Department, Division 422, General Electric Company, Bloomfield, New Jersey.

Air Conditioning by
GENERAL  ELECTRIC

LABOR

Thompson—Again

Maker of automotive and aircraft parts gets over one labor hurdle but now it's face to face with another.

When the C.I.O.-United Auto Workers received a two-to-one whacking at both Cleveland plants of Thompson Products, Inc. (BW—May 9 '42, p. 72), company officials had reason to believe their union troubles might be frozen until the war's end. Any such beliefs now have gone up in the smoke of new organizing drives.

• **Alliance Dissolved**—Obeying an order of the U. S. Circuit Court of Appeals, Thompson posted notices on its main plant bulletin boards stating that the Automotive and Aircraft Workers Alliance, which was termed a "company dominated union" by the National Labor Relations Board and by the court, must be dissolved. The company also notified the liquidated union officers that their A.A.W.A. contract was canceled, and posted a bulletin addressed to employees declaring that wages, hours, working conditions, and seniority rights would remain unchanged.

Encouraged by their court victory, C.I.O. organizers directed a new barrage of Thompson charges at the NLRB, naming both the parent company and its booming Cleveland subsidiary, Thompson Aircraft Products Co., familiarly known as "Tapco." The Aircraft Workers Alliance at Tapco, alleged the C.I.O., is "a company union offshoot of the A.A.W.A." Although the Alliance won the NLRB election at Tapco last May, it has not been given official NLRB recognition pending a hearing on the C.I.O. allegation that Thompson interfered with the election.

• **"Different Kind of Company"**—The Thompson plant bulletin, affirming wages and hours as usual, also stated that Thompson Products would continue to be, as the firm slogan puts it, "a different kind of company." Ed Hall, C.I.O. organizer, seized upon this statement as an indication that the company "means to continue its antilabor, company unionism practices." He sent a copy to the NLRB with charges that Thompson was trying to circumvent the court order.

The company, said Raymond Livingstone, will continue to post any notices it believes of value in informing the workers of T. P. policy. Replying to Hall's complaint that the company re-

fused to recognize the U.A.W. as bargaining agent for its members, Livingstone said the company would not recognize the U.A.W. or any other union which did not represent a majority of the workers in the plant.

• **A New Organization**—Another figure in the Thompson picture, A. Milton Roemisch, attorney for both A.A.W.A. and A.W.A., announced the organization of a new independent union, the Brotherhood of Independent Workers. Roemisch said the "independent, labor-minded workers at Thompson voted out the C.I.O. two to one," and the new organization was a spontaneous development.

Hugh Sperry, regional NLRB director, said he would look into Hall's charges that the company is secretly backing the B.I.W. He indicated the NLRB might give Thompson another hearing next month, perhaps consolidating all the C.I.O. complaints involving both Tapco and T. P.

CLASSROOMS DEPLETED

Teen-age sons, brothers, and nephews are taking on war jobs in Detroit where relatives left off—thereby posing a worry for Board of Education officials, who fear that the lure of quick money may

deprive thousands of youngsters of educations. Through June this year, work permits were issued to 24,841 boys and girls compared with 19,473 during all of last year. Boys got 14,391 of these against 13,647 in all of 1941, while girls got 10,450 compared with 5,826 last year.

Inasmuch as the public schools enrolled only about 80,000 boys and girls last year in high school grades, the report indicates that nearly one of every three students is working. Further, the 80,000 figure was 6,000 lower than that of the previous year, despite an increase in city population, indicating that pupils are turning from part-time to full-time work.

Rival for C. I. U.

Guided by an antagonist of Matt Smith, another group of independents launches national organizing effort in Michigan.

The advantages of grouping independent labor bodies into a national organization, as stressed by the Conference of Independent Unions (BW—Aug. 1 '42, p. 53), have inspired similar action by still another group. At Grand Rapids, Mich., a number of independent bodies (reportedly 16) met in a shroud of secrecy and laid the groundwork for



Ten thousand employees of the Alabama Dry Dock & Shipbuilding Co. in Mobile drew their pay while they stayed away from their jobs last week. They were protesting a 5¢ ferry toll for crossing the Mobile River. Formerly the ferry service, operated by

the company, had been free. They were back at work this week with their protest before the National War Labor Board, but Washington was worried about the bad morale situation which their tightfistedness had indicated.



Whipple Jacobs, president, handing first war bond dividend to Belden stockholder, Mrs. Wm. R. Kerr, Jr.

The Belden War Bond-or-Cash Dividend Plan

nets 10.6% subscription for war bonds on first offer to Belden stockholders

THE directors of Belden Manufacturing Company, inspired by the success of payroll allotment plans in the sale of war bonds, voted at their August 3, 1942, meeting to offer Belden stockholders an option to accept all or part of the current dividend in war bonds or stamps. This offer was prompted by a twofold desire:—

1st—To give additional aid to the campaign of diverting income . . . dividends as well as payrolls . . . to the purchase of war bonds;

2nd—To stimulate free enterprise in war bond buying and thereby perhaps make unnecessary the use of compulsory methods in financing the war.

To facilitate this action, Belden directors set the dividend at 37½¢ a share, a figure which gave stockholders of every fifty share unit a return exactly equal to the purchase price of a \$25.00 (maturity value) bond. The offer indicated that unless the bond subscription blank, enclosed with the dividend notice, was returned within twenty-one days the dividend would be paid automatically in cash.

Secretary of the Treasury Henry Morgenthau, Jr. made the following comment on the Belden Plan—"The salary allotment plan has met with widespread acceptance and we hope that the new method for reaching stockholder income meets with equally favorable public approval."

Upon hearing of the action taken by Belden directors to promote the sale of war bonds to stockholders, W. P. Witherow, president of the National Association of Manufacturers, made the following statement:

"I am highly enthusiastic about the patriotic and economically sound approach you have taken in making your dividend payments payable in the form of war bonds. I am hopeful that many other companies will follow in your footsteps."

Sterling Morton, president of the Illinois Manufacturers' Association and member of the Illinois War Savings Staff, said, "Congratulations to the Belden Manufacturing Company for its patriotic and enterprising action in taking the lead in offering to pay dividends in war bonds and stamps. I shall bring it to the attention of all members of the association."

Belden stockholders subscribed for a total of 10.6 per cent of the dividend payment in war bonds and stamps. Some stockholders remitted additional cash to permit them to purchase war bonds of greater value than the amount of their dividends. The patriotic spirit with which Belden stockholders responded to the Plan is indicated not only by their substantial subscription for war bonds but also by their many written comments, one of which follows in part: "I think this is a splendid idea! Please continue to give us this privilege."

The results of the Belden War Bond-or-Cash Dividend Plan demonstrate that, if given convenient facilities for purchasing war bonds, corporation stockholders respond in the same patriotic manner as corporation employees to the voluntary allotment of income for bond purchases. The Belden Plan therefore provides a practical and effective means of establishing a closer community of interest between stockholders and employees.

Treasury department officials have estimated that similar plans, if generally adopted by corporation directors, could increase War Bond sales by as much as \$500,000,000 a year. Full details concerning the operation of the Belden War Bond-or-Cash Dividend Plan will be forwarded on request.

Whipple Jacobs
PRESIDENT

BELDEN MANUFACTURING COMPANY ☆ CHICAGO

Behind the Man and the Machine are Master Designers

HECKER tool engineers speak your language; "Boost production, but don't slight quality." They're continually satisfying this demand in the many airplane and war-production plants where **HECKER** tooling service is employed. They're satisfying it, too, in our plant, where we're making precision parts for the country's leading airplane manufacturers.

Many **HECKER** tools, jigs and fixtures go to work right here on this production. This means that **HECKER** tool engineers—tops in their profession—have a chance to see their designs on the job. They profit by this intimate contact with the men and the machines turning out these products. You profit because **HECKER**-designed tools, jigs and fixtures are better producers wherever they're put to work.

Do you need the assistance of men of this caliber? We'll gladly send them into your plant to help on your tooling problems. Write A. W. Hecker, 1974 East 66th Street, Cleveland, Ohio.

A.W.

HECKER

DESIGNERS AND BUILDERS OF TOOLS, JIGS
AND FIXTURES • • • FABRICATORS OF AIRCRAFT PARTS

a loose federation. And interestingly enough, the already established C.I.U. and the new national group are spearheaded by two bitter rivals for Detroit tool and die worker support. The C.I.U. has as its temporary head Matthew Smith, secretary of the Mechanics Education Society of America (BW—Aug. 22 '42, p. 78). The as yet unnamed group which met at Grand Rapids was called together by J. J. Griffin, head of the Society of Tool and Die Craftsmen.

Evidently the Grand Rapids effort at national organization grows in part out of the violent animosity between M.E.S.A. and S.T.D.C. First Smith declared that the C.I.U. would deny entry to a "company-dominated" group like the craftsmen. Griffin promptly denied company ties, added, "we would have nothing to do with anything promoted by Matt Smith, anyway."

• **National Bureau Discussed** — Griffin said he envisioned establishment of a national service bureau for independent member unions as a result of the Grand Rapids meeting. The bureau would likely be located at Washington.

It would set forth to the National Labor Relations Board and the National War Labor Board that substantial membership backed the complaint of any member union—thereby insuring political consideration, a primary factor in both the new organization and C.I.U.



IRON ORE BRIQUETTES

Frank Holz of Cleveland, with a background of several years' experience in coal briquette-making, claims to have hit on a "binder" for briquetting iron ore. If he can prevent iron ore from disintegrating at temperatures below the melting point, he has a method which will prevent expensive flue dust in blast furnaces. One steel company, Holz said, has agreed to a test installation of the briquetting equipment.

Lewis Foes Unite

After seceding from District 50, gas, coke, chemical workers organize new union at convention in Niagara Falls.

The National Council of Gas, Coke & Chemical Workers formally organized this week at its first national convention in Niagara Falls, birthplace of the union. It was in Niagara Falls that members of the United Mine Workers' District 50 locals broke with the John L. Lewis regime during the Lewis-Murray fight.

• **Wagner Elected**—Martin Wagner, former president of District 50 and organizer of the council last June, was named president of the new national council, which will seek a charter from the C.I.O., when that group holds its national convention in Boston in November.

Wagner cast the lone dissenting vote when the U.M.W. policy committee ousted C.I.O. President Philip Murray as a vice-president of the mine workers last spring. During the convention he was the subject of several verbal and printed attacks which he said would have no influence on the workers. Wagner said 20,000 of the 28,000 who have left the U.M.W. are now members of the national council.

• **NLRB Decision Helped**—The council

convention was attended by 135 delegates from Texas, Missouri, Illinois, Minnesota, Wisconsin, Indiana, Ohio, New York, Connecticut, New Jersey, and several Southern states.

The Council might have been still-born were it not for a National Labor Relations Board declaration which came as the delegates were assembling. Heretofore NLRB has refused to intervene in jurisdictional disputes, leaving such quarrels to parent labor groups for settlement. The council is a product of a jurisdictional conflict and if its fate were left to its parent, the miners' union, it could never hope for independent status.

• **On Employer Petition**—But NLRB, in a series of decisions on cases arising out of the confused relationship between the council and the miners union, asserted its right to order elections and designate the bargaining agency where a union schism has disturbed the orderly processes of collective bargaining. It is noteworthy that NLRB took this action in response to an employer petition (Harbison-Walker Refractories Co.).

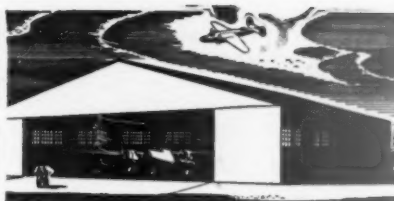
The board's stand will guarantee units of the new council a place on a collective bargaining ballot and will ensure certification if a majority of employees in the polled plant indicate a preference for a council affiliate. If Martin Wagner's claims about the council's strength are true, John Lewis's power in the gas, coke, and chemical industries will be wiped out.



PRODUCTION HAZARD

Since thousands of good looking Los Angeles gals have taken their places on airplane production lines, executives have discovered that slowdowns,

strikes, and absenteeism aren't the only explanations for lost man-hours. Innocent bare or silken legs can help Hitler by taking men's minds off their jobs. Girls are urged to de-glamorize their figures with slacks and overalls.



Wartime Structures

Use Wood, Profiting

by Past Performance

WOOD STRUCTURES go up easily and fast, speeding construction that is vital to our war effort. Wood combines its own high insulating value with structural strength. Its use releases scarce materials for combat equipment.

WOLMANIZED LUMBER* adds permanence—ability to resist decay and termite attack — assuring long postwar life for wartime structures. It adds little to first cost, is light, strong and resilient. Upkeep costs will be low in years to come, making money ordinarily needed for maintenance available for other purposes.

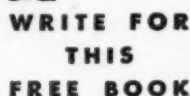
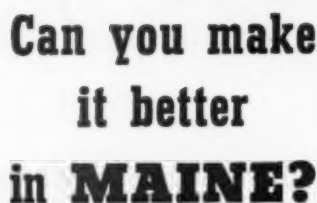
DECISIONS TO USE Wolmanized Lumber for these wartime structures are based on service records covering the past sixteen years. They prove that this vacuum-pressure impregnated wood is able to stand up on the tough jobs.

POSTWAR PLANNING wisely includes the use of Wolmanized Lumber as a barrier against decay and termite attack. We'll gladly send you data on where and how it is being successfully used. Write American Lumber & Treating Company, 1656 McCormick Bldg., Chicago, Ill.

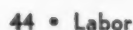
*Registered trade mark

WOLMANIZED
LUMBER





● **Maine offers much to manufacturers who are decentralizing or seeking new plants for quick production. There are advantages that can't be matched elsewhere. Write for the free book. Address the Maine Development Commission, Room 9-B, State House, Augusta, Maine.**



**WRIGHT AERONAUTICAL
WORKERS**

ABOM
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The American Federation of Labor has made this possible by starting a campaign in your behalf. All you have to do is sign an authorization card. There will be no charge for initiation.

TIME WAITS FOR NO MAN! ACT NOW!

A. F. of L. HEADQUARTERS
 1000 North Main Street

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Communist Leader and
C. I. O. Member.

VA

1

VL

COMMUNIST
conspiracy
control
confiscate
deceit
depression

INTERNATIONAL
Intolerance
Injustice
Insecurity
Inurrection
Insuper

ORGANIZATION
utlaw
oppression
offensive
objectionable
strange

ORGANIZED MUD-SLINGING

Home-going employees of Wright Aeronautical Corp., Paterson, N. J., were handed this leaflet recently by A.F.L. organizers. A.F.L. and C.I.O. competition for members has often been marked by mud-slinging, but government officials familiar with union campaign literature brand this

a new low in scurrility. An employer expressing such sentiments would be violating federal law. Two weeks ago, the National Labor Relations Board began to show an interest in unfair union campaigning. It condemned the "reprehensibility" of A.F.L.'s organizing campaign at Curtiss-Wright Buffalo plant but refused to nullify a collective bargaining poll.

Alcoa Edict Sticks

NWLB stands its ground, and union accepts ruling that caused strike threat. Plants will negotiate on pay inequalities.

Agreement of the C.I.O. aluminum union to negotiate wage adjustments with Aluminum Co. of America on a local basis may be chalked up as a National War Labor Board victory (BW-Aug.29'42,p57). Not only did the board brave a strike threat in the

vital war industry by rejecting general pay demands, but it also brought the union smartly to heel after a month of sword rattling.

• **A Closed Conference**—How the latter was accomplished remains a secret between the board and the Aluminum Workers of America, but the record shows the dispute is to be ironed out on NWLB's original pattern. Unknown quantity of the agreement is wrapped up in proceedings of a closed conference which the board had with A.W.A. leaders.

A known factor, however, was the board's demand for immediate settlement during joint and separate meet-



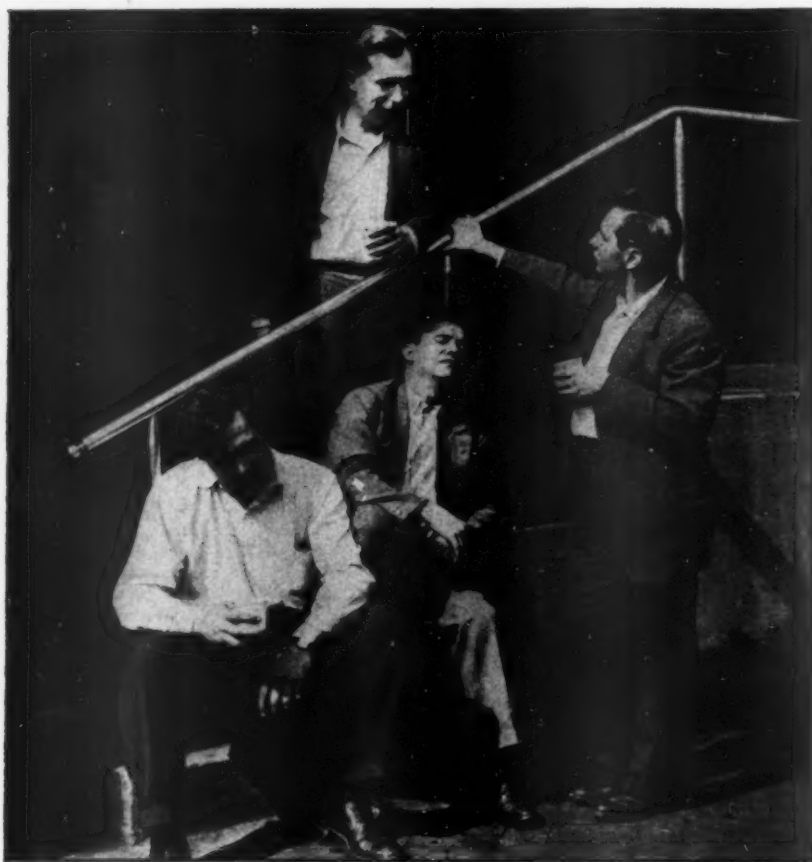
roll across water...fast!

While Husbands, Brothers, Sweethearts wear the uniforms of our armed forces, girls build war materials for their use. Shown here is one section of the General Tire pontoon factory, with finished pontoons in upper right background.



These Giant "Hot Dogs" are used to brace the General pontoons when supporting a bridge for heavy equipment. In an emergency, they can be quickly detached and the pontoons used as boats to carry up to 20 men.

VICTORY WILL COME WITH THE RUBBER YOU SAVE



SLEEPLESS SITDOWN

Four sleepy steelworkers (who weren't too sleepy to pose for pictures) were these union committeemen after a 37-hr. "sitdown" in the front office to force action on grievances at the Park Works of the Crucible Steel Co. in Pittsburgh. The unprecedented conference began when the committee plunked themselves down in plant manager Samuel Jackson's office, announcing they would not budge until

satisfaction was given on a long list of grievances. The manager was equal to the occasion and during the ensuing day and a half, all went sleepless and ate food brought into his office. No outgrowth of the "sitdown" was the company's announcement two days later than it would extend voluntarily the 44¢-a-day wage increase and other benefits included in the "Little Steel" award (BW—Jul.25'42,p80) to its 12,000 workers in Pennsylvania, New York, Ohio, and New Jersey.

ings with company and union representatives at Washington. At the same time, NWLB refused to alter its Aug. 18 ruling, which refused A.W.A. demands for a \$1-a-day pay hike but granted union security and ordered existing wage inequalities and sub-standard rates negotiated in each of the seven plants under contract to the union. Union security gave the A.W.A. the first benefit even approaching a union shop in the aluminum industry. • **Applying the Yardstick**—The board applied its Little Steel yardstick (BW—Jul.22'42,p80) in rejecting the pay demand on grounds that aluminum workers already had received increases exceeding 15% since Jan. 1, 1941, base date for the formula. Backing its stand, the NWLB published a table of 1941

and 1942 average hourly wages paid in the seven involved plants as follows:

Plant	Jan. 1941	Feb. 1942
Alcoa, Tenn.....	60.3 cents	79.5 cents
Badin, N. C.....	62.5	81.7
Bauxite, Ark.....	52.3	75.7
Detroit	84.1	\$1.02.2
Edgewater, N. J.....	75.5	89.7
Fairfield-Bridgeport, Conn.	77.5	90.4
New Kensington, Pa...	81.1	97

• **Union's Challenge**—Apparently using a different measuring rod, the union challenged the board's contentions and summoned to Pittsburgh leaders of the seven locals to plot a course of action. After hearing pleas of Army, Navy, and other government authorities to proceed cautiously, the union committee decided on a membership referendum. Ten days after the decision was

handed down, the union locals unanimously voted to reject it. A.W.A. President Nick A. Zonarich claimed he thus was vested with power to call 32,000 workers from the plants when he deemed it necessary. The union leader's plan to seek the aid of President Roosevelt in the dispute never materialized.

• **Company's Position**—The company, meanwhile, accepted the directive under protest only as "a war measure." Personnel Manager M. M. Anderson informed the union that he and his committee were ready to open discussions when the union accepted NWLB's decision. Zonarich countered with the demand that the company submit the rejected pay increase to negotiation.

At the same time, Zonarich was kept busy by an insurrection in the union's home camp at New Kensington (BW—Sep.12'42,p116). Local President Paul R. Lawson contended that the international chieftain had no power to call a walkout. The rebellion subsided without a showdown, and Lawson later announced his statements had been his "personal" thoughts.

• **Called to Washington**—Several weeks of sparring between company and union followed before a date was set for discussion of the dispute. On the eve of the conference, however, both sides were hailed to Washington.

The Washington meeting resulted in two days of secret joint discussions at Pittsburgh, where the union announced it had accepted the month-old ruling and had agreed to negotiate as the NWLB directed. The settlement was subject to local ratification, the union asserted.

When plant-by-plant negotiations are finally started, prime subject will be wage inequalities and substandard rates, which NWLB defined as "any unusual or unreasonable discrimination in wages (1) between jobs in the same plant; (2) between comparable jobs in the same locality; and (3) between comparable jobs in the same industry."

• **What It May Mean**—Industry observers pointed out that under the second point, the union could come in for a 5¢-an-hour boost to bring Alcoa wages in line with neighboring steel industries. Steel has been the traditional leader of aluminum pay trends and, in NWLB definition, qualifies as embracing comparable jobs.

Elimination of interplant wage differentials would extend such a gain to mills having no labor competition from steel, it was said. The current starting Alcoa pay is 73¢ an hour, with a 5¢ boost after six-months' service.

Indications were that the union would seek to have any pay compromises made retroactive to last Feb. 3, when the dispute arose. Some onlookers felt that this might eventuate in another trip to NWLB.

"Z-o-o-m!... and down he goes 'CHOP-CHOP.' Savvy—old timer?"



Air Conditioned Bird gets Worm

EVERY TIME a Jap plane goes down in flames, you can chalk up another victory for American air conditioning. Yes, *air conditioning!* You may think of it as "cool comfort". But it's something very different... for the enemy.

For air conditioning is one of the tools airplane manufacturers use to step up the fighting performance of our war birds... to roll them off production lines in ever increasing numbers. At least 24 parts are made better and faster with Carrier Air Conditioning and Refrigeration.

Propellers, engines, instruments, safety glass, bomb-sights, radio

parts, parachutes and high octane gasoline... for example. Even the rivets which hold a plane together are "pre-shrunk" by refrigeration so they will not loosen in the sub-zero cold of the stratosphere.

What does Carrier Air Conditioning do in war plants? By controlling humidity, it assures uniform production... prevents corrosion of machined parts. By guarding temperatures, it limits expansion and contraction... makes parts fit together with precision. By removing dust and grit, it protects their surfaces.

Day and night, in plants the country over, Carrier "indoor weather" is helping make su-

perior planes, tanks and guns. Tomorrow it will help to give the world better products for peace.

Carrier Corporation, Syracuse, New York



The Navy "E", one of the U. S. Navy's most coveted honors, was awarded to Carrier Corporation for excellence in war production.

Carrier
AIR CONDITIONING
REFRIGERATION



→ "The new production schedule is over our heads unless brake slipping can be eliminated on our machines. Our present types can't take high pressure without auxiliary booster equipment."

"I'll have our engineers check on a more powerful brake before they freeze the new machine designs."



**Is erratic
brake-timing
slowing your
Production?**

... Now we're licking the slipping-brake problem with the powerful new



Magdraulic

Electric Brakes

• If braking inefficiencies are going to prove a drag on production from new machines investigate the Magdraulic Electric Brake before you freeze designs.

"GO" and "STOP" electrically

• The extraordinary torque developed within the Magdraulic Electric Brake itself produces unusual stopping force. Power overloads can be handled without auxiliary booster equipment.

• One operator of injection moulding machines immediately stepped up production of a plastic plane part by changing over to Magdraulic Electric Brakes.

• Our engineers are at your service for any brake problem. Address inquiries to Dept. 13.

MAGDRAULIC Electric Brakes come in three sizes for operation at 6 volt direct current.

MAGDRAULIC Controllers can be operated with 6 volt or 12 volt source of current.



EMPIRE ELECTRIC BRAKE CO. • NEWARK, N. J.

**MAGDRAULIC
ELECTRIC BRAKES**

FOR AUTOMOTIVE VEHICLES

AND INDUSTRIAL MACHINERY

41 Cases Into One

NWLB tries new tactics in effort to resolve remaining steel company wage controversies with a quick showdown.

A new technique for mass settlement of cases involving issues which come under established policy has been devised by the National War Labor Board. It aims to end ineffectual collective bargaining and bring uniformity once again to the wage rates of the basic steel industry.

• **Show-Cause Order**—The NWLB took the unusual action of giving 41 steel companies employing 200,000 workers 10 days in which to show cause why the pay of their employees should not be increased by 5½¢ an hour, or 44¢ a day, retroactive to Feb. 15. There is no dispute between the companies and the C.I.O.'s United Steelworkers of America over the amount of the wage boost, but there is considerable controversy over making the increase retroactive.

Here the issues are the same as those decided, 8 to 4, in the Big Steel case. The board has, in fact, attached a copy of the Carnegie-Illinois Steel Corp. ruling as the proposed directive order to which the companies must give their reasons for objecting.

• **Companies' Position**—Root of the trouble is that the steel union, when it was seeking \$1-a-day wage advances from the four Little Steel companies last winter did not, at the same time, serve on all the other steel companies the required written notice of intention to reopen the wage contract. The steel companies contend, and in this they are supported by the NWLB employer members, that they should not be required to grant retroactive pay before the expiration of their contracts, which was months after the February controversy in Little Steel.

The NWLB majority and Philip Murray's steel union assert, however, that the companies not involved in the Little Steel case knew all along that the wage ruling in Bethlehem, Republic, Youngstown Sheet & Tube, and Inland would, in accordance with traditional procedure, be the pattern for all the industry.

• **Majority's Contention**—One point stressed by the NWLB majority in the Big Steel ruling was that the union had on Feb. 15 publicly announced in a news release that it would seek the same \$1 a day from all the steel companies if it won in Little Steel. NWLB called this "substantial" notice.

In the background of the Big Steel case and the present controversy was a reported promise by the President to Mr. Murray. Mr. Roosevelt—so the re-



PRINTING WAGE CHAIRMAN

Alexander Meiklejohn will preside over a committee of 27, representing employers, employees, and the public, to study economic conditions in the printing and publishing and allied graphic arts industry as a basis for fixing a minimum wage rate under the Wage-Hour Act. The committee will hold its first meeting in New York City on Sept. 28. Empowered to recommend a pay rate between 30¢ and 40¢ an hour, the committee has been directed to set a scale which "will not substantially curtail employment in the industry."

Meiklejohn, now 70 years old, is principally known for his educational experiments at the University of Wisconsin Experimental College. Although many of his former students are highly placed in the Administration, this is the first time that the New Deal has got him to accept an important post.

port ran—said that he would see to it that the steel wage boost was uniform throughout the industry if Mr. Murray would take the 5½¢ wage boost ordered by the board in Little Steel. This Mr. Murray did reluctantly.

• **Stalemate**—Despite the NWLB ruling on the identical issues in Big Steel, other major steel companies, such as Jones & Laughlin, have continued to refuse the 5½¢ raise retroactive to Feb. 15 (BW—Sep. 19'42, p. 22). Because negotiations at J. & L. and 40 other companies have bogged down, NWLB adopted the mass settlement formula.

MARKETING

New Home Library

Woolworth books achieve department status as advent of a 69¢ series is announced in another advertising venture.

When F. W. Woolworth Co. broke variety chain store precedent three months ago with a week-long, nationwide advertising campaign (BW—Jun. 20'42,p63), the test was successful, but predictions were that there would be no immediate followups.

Two weeks ago, however, Woolworth took a full-page color advertisement on the back of the American Weekly to announce something brand new.

• **An Available Line**—The company was adding to its 35,000 items one which could appear uniformly in its 1,864 U. S. stores even though war made uncertain the country-wide availability of other merchandise. The addition was the New Home Library.

Constituting an entirely new department in today's grown-up 5¢ and 10¢

store (books hitherto were mere appurtenances to other departments), this library is a series of 40 nonfiction books tailored to the interests of Woolworth customers and priced at 69¢. New titles will be added monthly and, like the first 40, will fall broadly into the "self-help" classification—"World History at a Glance," "How to Dance," "Mathematics for Everyday Use"; others on how to appreciate music, take care of a baby, write letters, and tell fortunes.

• **On a Middle Level**—All are a few levels above the "How to be the Life of the Party" type of correspondence course, and several notches below the textbooks for a college survey course. Advertising copy reads, "Books on history, science, mathematics, psychology, music, practical handbooks, game books, books to save you time and money." All can be manufactured without scarce materials, and sold without restriction under the General Maximum Price Regulation.

Publisher of these books, and joint planner and promoter, is the Garden City Publishing Co., subsidiary of Doubleday, Doran & Co., mass merchandiser of books and exponent of cooperative advertising. The \$20,000 insertion in the American Weekly was jointly placed though it carried only the Woolworth signature.

• **No Sudden Notion**—Customers have been buying children's books from the chain for years. In 1938, two years after the old Five-and-Dime had broken through its 20¢ top price and had definitely emerged as the limited price variety chain, Woolworth began selling Doubleday Doran's Triangle books, 39¢ fiction reprints. The company was experimenting, with something like the New Home Library already in mind.

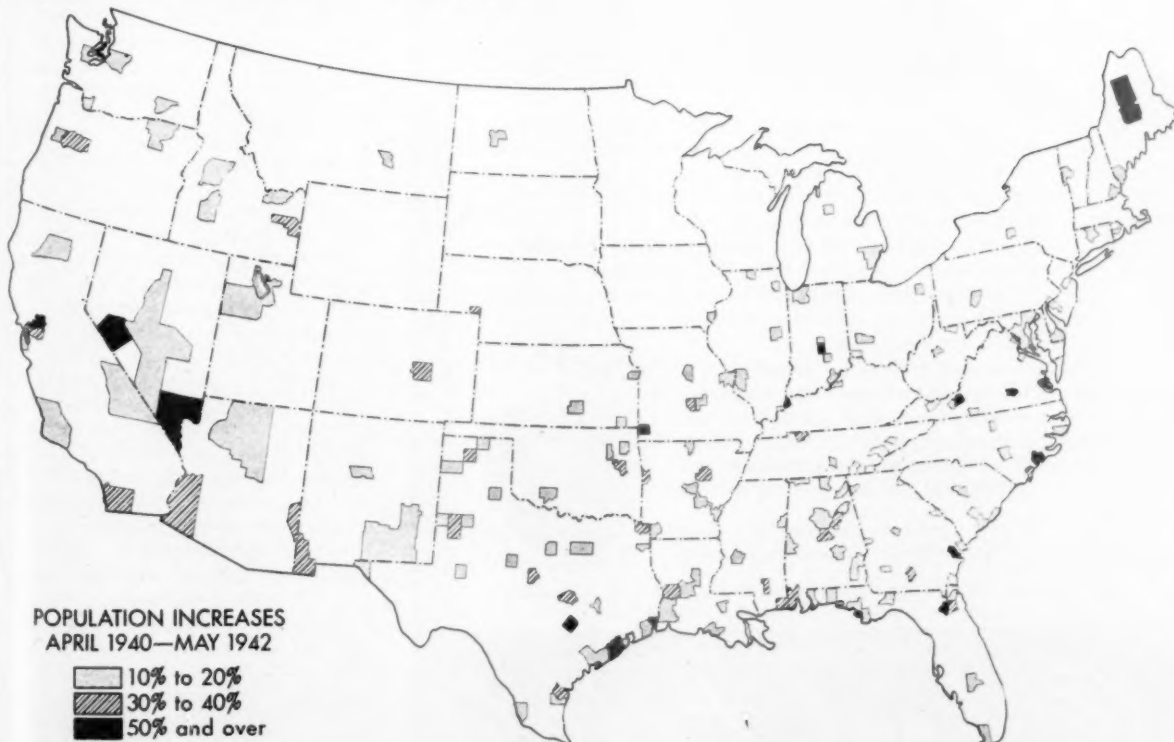
Garden City began collecting titles early in 1940, commissioning a dozen especially for the series and lining up reprints previously available only in \$3 to \$5 editions. Roget's Thesaurus, for example, formerly \$3, looks like a best seller for the New Home Library, especially since the books appeared in the school-opening season.

• **Other Books**—The Triangle books, upped to 49¢ last summer, are being plugged by both publisher and retailer along with the new library series. Only other forerunner of the new Woolworth department was the special edition of H. G. Wells "Outline of History" which Doubleday published inexpensively in a three-volume set for the 1940 Christmas trade. Woolworth plugged this in one-minute spot radio announcements, placed by Lynn Baker Co., which also handles the chain's current advertising.

In physical appearance, Woolworth's

WHERE POPULATION HAS INCREASED SINCE THE LAST CENSUS

Registration for sugar rationing, May 4-7, 1942, indicated that 210 counties increased in population at least 10% over the two-year period.



Data: Office of Price Administration.

© BUSINESS WEEK

Photo courtesy U. S. Signal Corps, U. S. Army



*"What they see...
they GET!"*

"WHAT you see—you get!" Movie makers the world over have come to rely on that familiar slogan—knowing that the advanced design and precision construction of their FILMO cameras are lifelong guarantees of surpassing performance.

Now—Uncle Sam faced with the need of training millions of men quickly is using Bell & Howell equipment in many cases to help in this great task. He knows that what his wards in khaki and blue see on the screen—they get. They get it thoroughly and in much less time.

The craftsmanship of Bell & Howell which provides professional results with amateur ease in peacetime is now furnishing our fighting men, in training and in combat, the finest motion picture equipment that American skill and ingenuity can devise.

Bell & Howell Company, Chicago; New York; Hollywood; Washington, D. C.; London. Est. 1907.

MOTION PICTURE CAMERAS AND PROJECTORS

Filmo



PRECISION-MADE BY

Bell and Howell

new books are more than presentable. They make "nice furniture," being in library size (5½x8½), having neatly trimmed, color-stained pages and cloth binding stamped in decorative but dignified design.

• **Competitive Angle**—Less expensive and generally having fewer pages than the Modern Library Giants of Random House, which have jumped in price from \$1.25 to \$1.45, the New Home Library still appears much more in line for competition with these than with the 25¢ Pocket or Avon books, which are designed to sell and be discarded like magazines (BW—Jan.28'42,p28).

BOTTLERS UNBOTTLED

Just when it appeared that beverage bottlers were due for a harvest of bad publicity through their collection of large tin cans for crown caps in competition with scrap-collection drives (BW—Aug.1'42,p42), WPB came to their rescue last week and made it legal. OPA helped with a ceiling of \$6 a ton on No. 10 cans or larger, f.o.b. seller.

With WPB approval, some of the bottlers had invaded the domain of organized scrap collection to replenish the cap manufacturers' depleted stocks of tinplate. From hotels, clubs, hospitals, and even from the U. S. Quartermaster Depot in Philadelphia, they gathered No. 10's (approximately one gallon) as a raw material substitute for plate.

• **Suppliers Dodge Publicity**—The honeymoon was ended abruptly by indignant newspaper publicity. With pledges of unflinching fealty to the war program, the suppliers beat a hasty retreat and resumed their contributions to the scrap drives. Bottlers then turned to suburban, rural areas where salvage committees are inactive (BW—Aug.15'42,p32).

WPB Supplementary Order M-72-eases the tension by licensing bottlers in the 140 metropolitan areas where salvage campaigns are under way to collect No. 10 or larger cans from hotels, restaurants, and institutions, but from no government sources, provided they clean the cans, strip ends and seams for delivery to the city's collection point or a detinning plant. After the crown manufacturer has stamped out caps, the skeleton of the can must be delivered to the nearest detinning plant.

• **Move Seen as Spur**—Bottlers in areas where no organized campaign is in progress are asked to conduct educational campaigns among housewives and collect all cans, retaining No. 10's or larger for crown caps and delivering the others to the nearest detinning plant. WPB sees this as a stimulant to tin scrap collection rather than the reverse because the crown manufacturers use only about one-third of the plate content of a large can. Mobilization of bottlers in unorganized areas is expected to widen collections.

Less Credit Buying

And the Reserve Board and the stores seem to be satisfied with way charge and instalment rules are working out.

Don't expect any new restrictions on instalment or charge-account selling for a while. The Federal Reserve Board, to be sure, isn't handing out any ironclad guarantees that its regulatory task is completed, but statistics showing the effects of the last batch of rules (BW-May 16 '42, p. 45) have had a placating influence.

• **What the Indexes Show**—In a nutshell, Department of Commerce measurements (made in conjunction with the Federal Reserve Board) show the following:

	Department Store Instalment Account Index*	Department Store Open-Credit Account Index
Month (1942)		
January	108.8	100.3
February	104.8	88.0
March	103.3	89.1
April	99.6	90.6
May	91.8	83.7
June	82.3	70.3
July	74.7	53.9

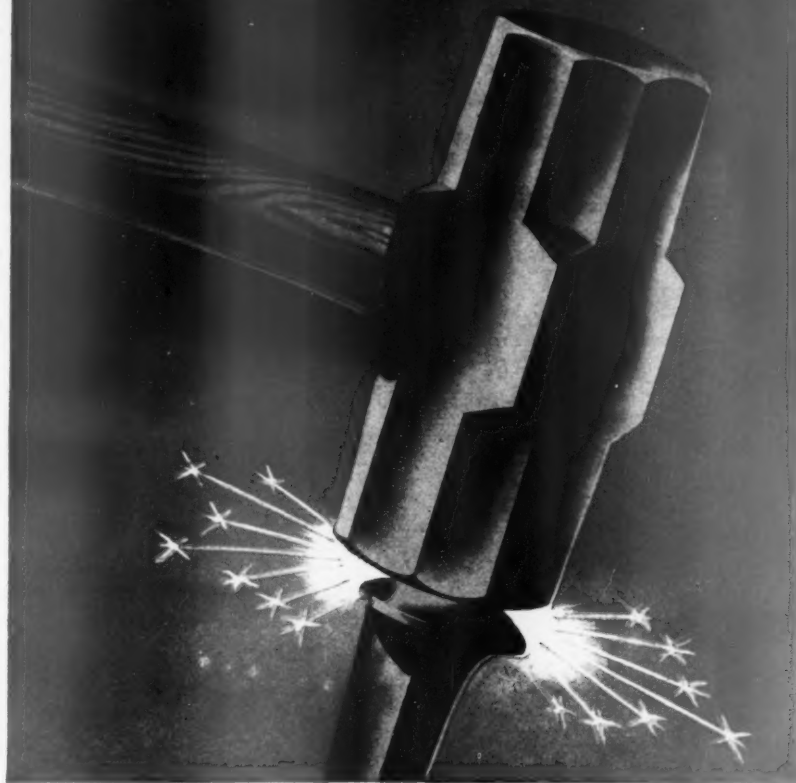
* Dec. 31, 1939 equals 100. Figures apply to the end of each month.

• **Present Instalment Rules**—As now constituted, Federal Reserve rules stipulate that instalment accounts must be accompanied by a minimum down payment of 20% to 33½% (depending on type of article purchased). And charge accounts must be settled in 40 to 70 days, or the debtor will be barred from buying a long list of articles on further credit.

In the case of instalment accounts, the effect of the rules is hard to separate from the decline in availability of merchandise. In the tabulation above, receivables do show a considerable drop. Further Department of Commerce data indicate that the receivables-index for jewelry stores between January and July dropped from 110.9 to 73.8; the household appliance drop was from 103.3 to 70.9; and the furniture drop from 104.9 to 84.6. But to what extent the current (and prior) rules accounted for that decline, or to what extent it was due to the dearth of hard goods, is impossible to say statistically.

• **Charge Accounts**—The figures on charge accounts indicate a tremendous tumble between June and July (the new rules began affecting charge accounts on July 10). Furthermore, a sample survey by the Federal Reserve Board among department stores showed that the incidence of the regulations initially "froze" 22% of accounts (because the debtors

CARBON DIOXIDE



POWERHOUSE of energy!

EVER see carbon dioxide gas in its working clothes?

You've seen it in other ways. Carbon dioxide is the bubbles in champagne; it is the fluffiness in biscuits; it's the "head" on a glass of beer. Yet we know carbon dioxide as one of the deadliest of fire-killers. We use it that way in Kidde Extinguishers.

There's another thing about carbon dioxide... it is the most compressible of the industrially available gases. Under 850 lbs. pressure at 70° F. carbon dioxide is a liquid. When released, it becomes a gas, expands 450 times its former stored volume!

Harness this terrific expansion and you have a source of quickly available power, produced by the turn of a valve. There are 30,000 foot pounds of energy in a single pound of carbon dioxide.

Compressed nitrogen, for example, delivers only one-third as much energy.

Engineers of Walter Kidde & Company have designed valves which release this energy in an instantaneous burst, or which apply the power over a prolonged period, a bit at a time. We can supply "peanut-size" cartridges or big 100-lb.-capacity cylinders to hold the carbon dioxide charge.

If you have a problem involving power actuation, consider carbon dioxide. Its high factor of available energy gives this gas a tremendous significance to the aeronautical engineer. The Research and Development Department of Walter Kidde & Company has evolved interesting applications of power actuation using carbon dioxide under high pressure. Please consult us, if we can assist you.

Kidde



Walter Kidde & Company
Incorporated
924 West St., Bloomfield, N. J.

WHAT A DIFFERENCE WHEN CARBON PAPER STAYS FLAT



It pays to use **DAWN**
OLD TOWN'S amazing new
CurlPROOF CARBON

Only your Old Town distributor can offer DAWN... the carbon paper that saves time and mistakes because it STAYS FLAT. Test how easy-to-handle DAWN increases office efficiency. Write for free samples. Dept. B-10. OLD TOWN RIBBON & CARBON CO., Inc., 750 Pacific St., Brooklyn, N. Y.

Old Town
RIBBONS
CARBONS

ASK YOUR OFFICE SUPPLY DEALER

IT PAYS TO Standardize ON

HALL O'WELL

SHOP EQUIPMENT

One of the advantages of standardizing on "Hallowell" Work-Benches is that you can re-arrange and add to your set-up at any time to meet greater needs, or changed requirements. They are of sturdy construction and easy to install, too. Our catalog shows many of the 1367 combinations available.



Fig. 928

Pat'd. and Pat's.
Pending

Drawer
is extra

STANDARD PRESSED STEEL CO.
Box 598, Jenkintown, Pa.

were tardy in settling up), but that the figure now has declined to 18%. In other words, about one-fifth of the tardy category has fallen away.

Despite the ruckus that the regulations stirred up at the time of their formulation, the situation today is one of sweetness and light.

• **Silver Lining**—Department stores (the big charge account boosters) still mildly complain about additional bookkeeping, but that cloud has a silver lining—the Federal Reserve rules make a fine excuse to lay down the law to slow-paying customers. In fact, department stores are hoping that the Federal Reserve's anti-inflation measures may, in part, become standard trade practice after the war.

Similarly, there's talk of retaining the instalment rules in postwar days among the members of the auto fraternity. In retrospect, many a motormaker now believes that his instalment terms were too liberal in the thirties, and that the net effect was the prolongation of auto ownership. Had the rules been stricter then, the debtor would have settled more hurriedly, and makers and dealers now sanguinely suspect that he would thereupon more quickly have become a customer for another, newer model.

• **Almost Reconciled**—Such enthusiastic talk about retention of the Federal Reserve rules probably will never materialize 100%. But it does show that the merchandising world is almost at complete peace with its alleged erstwhile persecutor.

Union squawks seem to have died down, too. The A.F.L. originally complained that the government was placing barriers in the way of spending well-earned war wages. Recently, labor people have had no comments to make on this score.

TEST RUN FOR HAT SUIT

The Department of Justice has taken the first round in its anti-trust joust at Philadelphia with hat manufacturers and labor unions accused of conspiracy to standardize prices of Army field hats and restrict individual production by collusive methods.

Indictments returned against the 36 manufacturers and five unions last winter (BW-Dec.6'41,p27) were sustained by Judge J. Cullen Gancy. By demurrer and motion to quash, the defendants challenged the indictment as vague and indefinite and failing to establish violation of any federal law.

• **Plot Charged**—Judge Gancy ruled out this contention and denied a defense motion for a bill of particulars, holding that several points raised by the defendants can be threshed out at the trial—possibly in December. The indictment charged a plot was hatched in the New York office of the United Hatters, Cap, and Millinery Workers International Union, A.F.L., to fix the price of 2,000,000 Army field hats at 65¢ each and restrict the number for which each manufacturer could bid.



GOING PLACES

A traveling salesman, in the guise of Northern Pacific's 80-ft. car-side billboard, leaves St. Paul, Minn., on the first leg of a 2,335-mile journey through

seven states of the union, to promote the sale of War Bonds. This unique sales promotion scheme is part of a joint campaign of the Association of American Railroads and the Treasury Department.

A Quarter-Mile Monitor of **INSULUX** *Daylight* Panels Bisects This Army Warehouse



ARMY WAREHOUSE. Architect Engineer: Mills, Rhines, Bellman and Nordhoff, Toledo. Consulting Engineer: R. C. Reese, Toledo. Contractor: Skilken Bros., Columbus, Ohio.

A quarter-mile-long central monitor of **INSULUX** *daylight* panels spreads floods of natural light over the loading platforms of this great Army warehouse.

"We found **INSULUX** Glass Block an efficient solution to the problem of lighting the work areas of this large U. S. Army warehouse," say the architect engineers, Mills, Rhines, Bellman and Nordhoff. "As anticipated, the glass block monitor panels provide ample natural light, well diffused for the central loading platforms. Other considerations were that the block could be installed quickly with minimum critical materials, are noncombustible, provide insulation, require minimum maintenance."

INSULUX Glass Block meet today's needs for a noncombustible, light-transmitting

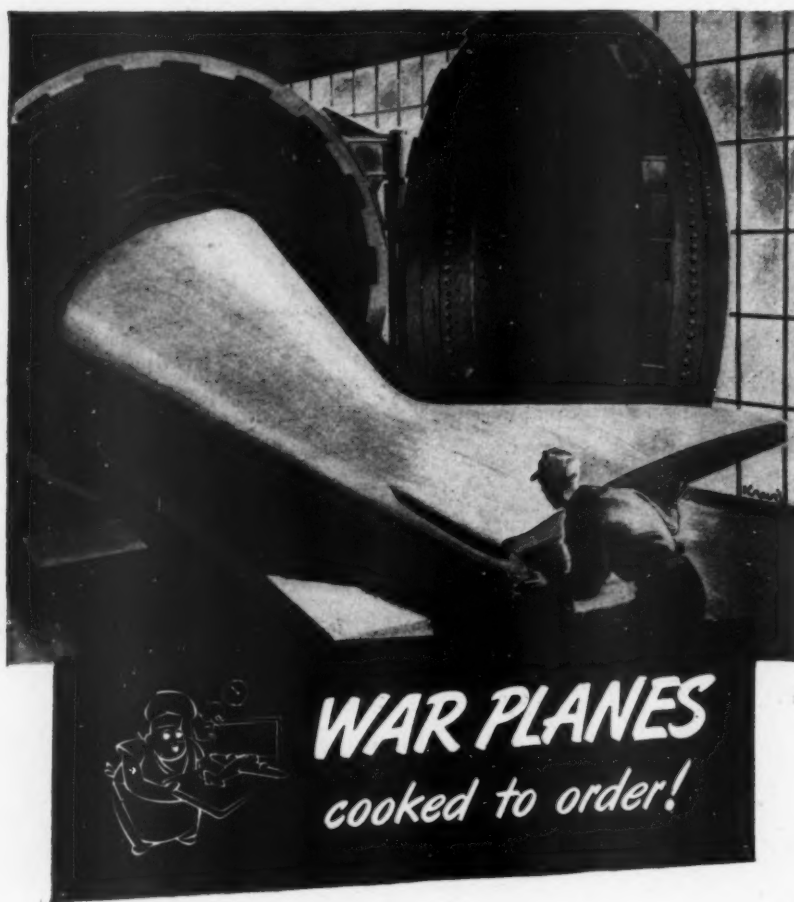
material for war plants and warehouses. **INSULUX** helps conserve metal. Panels up to 50 sq. ft. are erected without even wall ties—larger panels need little metal.

INSULUX is economical—selling at pre-war prices—and cuts maintenance costs. *Immediate delivery* from stocks in principal cities. Our technical staff is at your service for special advice.

Owens-Illinois Glass Company
INSULUX Products Division, Toledo, Ohio.

OWENS-ILLINOIS
INSULUX
GLASS BLOCK

This Advertisement has been reviewed and approved by the War Department.



Ailerons, nacelles, leading edges and other parts of combat planes are rolling out of ovens like "hot cakes." Even huge sections of molded plywood fuselages, made of wood veneers and plastics, are today processed in giant cookers.

For bonding the plywood veneers a synthetic resin glue is standard. Sometimes the outer plies are *impregnated* with a special phenol-formaldehyde resin. Immune to moisture, rot and bacteria, these resins fortify plywood against shock, vibration, heat and cold.

Many other types of plastics are also used in planes... as transparent noses of bombers, cockpit enclosures for

fighters, antenna housings, instrument panels and other parts. These plastics, newest triumph of the chemical engineer, have demonstrated economy and speed of production, and reliability in service.

Plastics from the beginning have been processed in equipment of Nickel and INCO Nickel Alloys. These metals protect the purity of synthetic resins during processing, assure uninterrupted production, provide long, trouble-free service.

Here, as in the production of many other strategic materials, Nickel and INCO Nickel Alloys are providing substantial aid in the Nation's all-out war effort.

THE INTERNATIONAL NICKEL COMPANY, INC. • 67 Wall Street, New York, N. Y.

★ ★

INCO NICKEL ALLOYS

★ ★

MONEL • "K" MONEL • "S" MONEL • "R" MONEL • "KR" MONEL • INCONEL • NICKEL • "Z" NICKEL

Sheet...Strip...Rod...Tubing...Wire...Castings

Plain Price Talk

Simplification committee is set up by OPA to cut through legal verbiage so retailers can understand what orders mean.

After four months of hoping that its legally-worded regulations would register on the retailer's consciousness, OPA has decided that it's easier to write everyday English than to expect the average merchant to wade through juristic verbosity. Hence a simplification committee has been set up to tackle the job of writing exact and correct orders without befuddling the retailer.

• **Digests in Prospect**—What will very likely result is the inclusion of digests with the more important future orders. Such a compromise will give the lawyers their chance to get the niceties of the situation into black and white. At the same time, the storekeeper will learn what the shooting is about by reading the capsule version. Presumably, even if the retailer fails to read the lawyers' diatribe, the digest will keep him from utterly violating the law.

In all fairness, OPA's fondness for lawyers is not a pure whimsicality. Leon Henderson himself said that certain sections of the General Maximum Price Regulation were put together "with mirrors"—meaning that the legal footing might be somewhat precarious. Thus naturally a lot of GMPR, and most of OPA, was nursed along by lawyers.

• **Educational Effort**—But smaller shopkeepers merely threw up their hands at the complicated verbiage that flowed from the legal mind. In recognition of this state of affairs, OPA briefly tried the tactic of making it semimandatory for manufacturers and wholesalers to educate their retail customers when big, industry-wide orders were issued. But the idea was abandoned after it was invoked four times. Its results, to all appearances, had been negligible.

At the end of August, OPA took its first real whack at simplification in Maximum Price Regulation 210. Although that document pertains to a broad and complex field (fall and winter seasonal commodities), it was nicely tricked up with subheads and an earnest effort at common English.

• **Dreary at Best**—That it didn't win more praise was mainly due to the fact that no amount of simplification can dispel the dreariness of formulas for calculating percentages, initial markups, etc.

The latest flowering of the simplification seed is due to get special press conferences and the usual wad of handouts. This time OPA wants the retailer to know that he needn't take a correspondence course to keep out of the clutches of the law.

PRODUCTION

Plastic Lenses

Use of highly polished chrome-steel molds assures clear vision from gas mask with Allied's special formula.

Plastic lenses for gas masks of a quality satisfactory to the Army have been developed in California by the Allied Plastics Co. after two years of research and are now in production.

• **Some Advantages**—Previously, of course, lenses were made of glass. Plastic promised unbreakability, less sensitivity to heat and cold, and other advantages. But plastic cannot be ground or finished like glass and nobody had succeeded in molding a plastic lens that passed Army tests for clearness and freedom from "waves" that distort vision.

The first research chore that had to be done was making molds to give smooth lenses, under the high pressure needed for fast injection molding on machines. The company had to make these molds, but developed them with such highly polished hard chrome-steel surfaces that they delivered finished lenses and showed no wear.

• **Formula Devised**—Selection of a suitable plastic came down to a special formula in cellulose acetate (Lumarith No. 10), approved by the Chemical Warfare Service. Ordinary commercial lots of plastics weren't suitable because of variations in quality.

With lenses molded in multiples, a process for freeing them from gates, sprues and runners was needed. If cut out cold there was damage. That trouble was "shot" with an air-heated knife that does the cutting while the lenses are still hot.

• **Dust, Moisture Fought**—The molding room had to be air-conditioned to prevent dust settling on molds between impressions and the plastic had to be treated with infrared rays before working, to remove all traces of moisture.

After molding, all lenses have to pass Government inspection for freedom from waves and striations, and for size, thickness, breakage, clarity. Company spokesmen say a very high percentage of acceptance has been attained by training girls to operate the presses (production jumped 50% after they were employed). Girls also do the inspecting, but men attend to the maintenance and adjustment that keeps the presses operating continuously.

• **No Packing Problem**—The lenses go to gas-mask contractors in specially designed cartons that hold them like eggs,



Side and rear view of Klamp-switchfuz Switchboard Unit, showing integral pull-box and arrangement of copper busbars.

Each Switchboard is an individual problem . . .

It should be planned to meet your particular requirements—to give efficient and economical service over a long period of time . . . To meet all industrial conditions, Klamp Distribution Switchboards are built in a wide variety of types: Live face; Dead Front, Safety Type—Klamp-switchfuz, Shutbrak or Circuit Breaker . . . Let the Sales-Engineer help you in planning your switchboard—without obligation. Or, if you prefer, he will quote on your own specifications. Write for name and address of the one nearest you, or see listing in Sweet's Catalog (Architectural Section or Industrial-Engineering Section); in Thomas' Register, or Electrical Buyers' Reference.



THESE DEPENDABLE ALL-WOOD FILES WILL SOLVE YOUR FILING PROBLEMS

"Defender" modern all-wood files are designed for efficiency and beauty. They meet war-time requirements to conserve vital materials and will last a business lifetime.

Drawers glide easily, smoothly and quietly on progressive type wood suspension with fibre rollers. Follower, drawer pull, label holder, guide rod and knob are made of wood—a triumph of Globe-Wernicke engineering and research.

"Defender" all-wood files are available in 2, 3 and 4-drawer letter and legal sizes . . . furnished in imitation walnut and mahogany finishes, or an attractive shade of medium dark green.

Consult your local Globe-Wernicke dealer . . . or write to us for more information.

★ BUY MORE WAR BONDS ★

The Globe-Wernicke Co. . . CINCINNATI, O.



without packing material. Cartons can be used over and over.

The type of plastic used can be ground and remelted, but with each grinding it takes on a slightly darker shade. Therefore, none of the material in runners, gates, and sprues can be used for lenses. However, a war use has been found for much of this material. It is made into special holders to carry small springs used in incendiary bombs. Formerly these springs were shipped loose, got tangled, gave trouble. Now each spring travels in a plastic capsule which can be re-used indefinitely.

Reinterred Gas

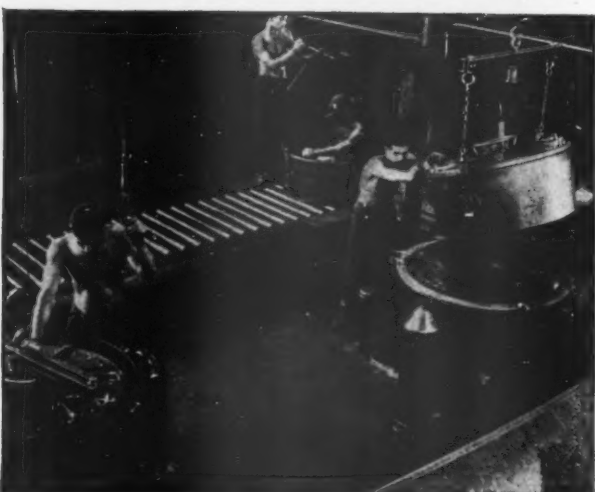
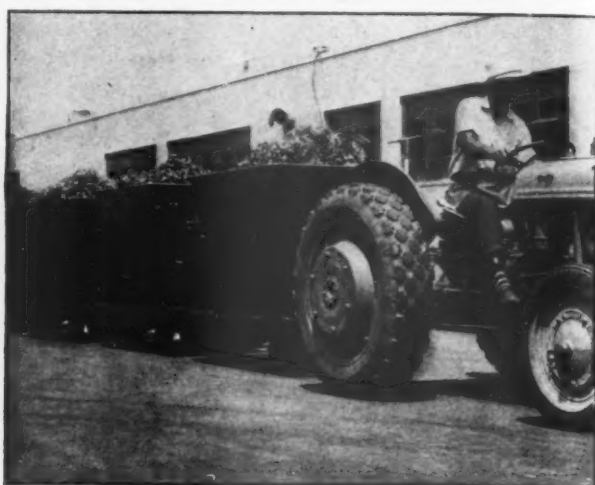
Use of old oil field as big storage reservoir is proposed by state commission as solution for Southern California problem.

Considerable support by Southern California's natural gas consumers is expected for the State Railroad Commission's revolutionary proposal to inject surplus gas into a depleted oil field (240-acre Playa del Ray near Venice)

thus transforming it into a huge gas storage reservoir. Growing industrial demand, increasing population, and inadequate surface storage facilities are the chief reasons for the proposal.

● **A New Idea**—Gas and oil have often been reinjected into the underground reservoirs from which they were originally extracted, but use of an old oil field for gas storage is entirely new.

Because of the need for unified control in such a program, the commission has asked the federal government to take over the field through condemnation proceedings. About half of the field is owned by the Union Oil Co., the rest by



SALVAGE BY WRIGHT

Tons of strategic metal are salvaged every hour by a fast new chip-handling system just installed by Wright Aeronautical Corp. at one of its aircraft engine plants. Working on a quick-stepping schedule, the salvage crew rakes turnings from thousands of machine tools into chip boxes (top left), dumps them into a train of small gondola cars (top right), hustles them

to a powerful crusher (center left) which makes easily handled bits out of cumbersome turnings, then spins them in centrifuges (center right) to salvage machining oils. Final operation drops them, 25 tons at a crack, from huge hoppers into railroad cars for return to steel mills and nonferrous refiners. It is estimated that enough metal will be salvaged in rough forgings this year in this plant to build a flotilla of destroyers.

some 200 individuals. If Uncle Sam agrees to act, it is expected that an operating contract will be entered into with either Union Oil Co. or Southern California Gas Co., or both.

• **Expectations**—If the plan is adopted without too much delay, and allowing 30 days for installation of facilities, it is estimated that two billion cubic feet of surplus gas produced during the remaining warm months of this year will be forced underground by high compression. This is enough to permit the withdrawal of at least 20 million cubic feet a day this winter, which represents a comfortable safety margin over Southern California's peak probable shortage of 16 million.

Backers say that the estimated \$1,000,000 cost of the project, which includes purchase of necessary pipe and compressors as well as the field itself, would probably be more than met by the reclamation value of oil still remaining in the field and by charges paid by gas producers for storage space.

SPURT FOR PLYWOOD

Plywood planes and gliders on a mass production basis that will bring more furniture manufacturers into the war program in substantial fashion are promised by the American Aviation Corp., which is constructing a large assembly plant for completion Jan. 1. As prime contractor, with Navy contracts already on the books, American Aviation will engineer and supervise the manufacture of fabricated parts and complete the final assembly in the new plant.

Facilities of a number of furniture manufacturers will be used. Among them are the Jamestown Lounge Co., Randolph Furniture Works, Union Nation, Inc., Empire Case Goods Co., Jamestown Sterling Corp., Herrick Furniture Co., Inc., a division of Kling Factories, and several additional metal manufacturers. For them the enterprise affords some measure of relief from the production lag which the scarcity of hardware has enforced. Similar pools to produce plywood planes have already burgeoned in Grand Rapids (BW—Jan. 13 '42, p62) and Chicago (BW—Aug. 8 '42, p60).

Hundreds of men and women are to be employed—skilled woodworkers and metal craftsmen who can be adapted, to all phases of wooden aircraft construction such as veneer-slicing and plywood fabrication.

In North Carolina, three other furniture manufacturers have contracts for parts which Allied Aviation Corp. of Baltimore will assemble into gliders at a new operating site in Winston-Salem. Unique Furniture Makers, Inc., Morganton Furniture Co., and Lane Co., Inc., are the subcontractors. Manufacture is scheduled to commence in six weeks.

NEW PRODUCTS

Surface Grinder

Although the new Delta Toolmaker Grinder, just being brought out by Delta Mfg. Co., Milwaukee, is designed to do practically any precision surface grinding up to a length of 13½ in. and a width of 6 in. that a toolroom might have to do, it is inexpensive enough to be used as a machine shop production tool. Control handles are conveniently placed. The table's ways are long so that it rides



solidly on them and without overhang. Grinding wheel spindles have widely spaced bearings for permanently true alignment. Here the operator is grinding parts held by a magnetic chuck.

"Packaged Steam"

Two major considerations underlie the compact design of the new Vapor-Clarkson "Packaged" Steam Generator: (1) to provide a steady source of process steam in plants which operate on purchased electrical energy; (2) to provide an emergency unit outside the boiler room for plants producing their own process steam, and possibly subject to air raids.

As manufactured by Vapor Car Heating Co., Inc., 80 E. Jackson Blvd., Chicago, the "recirculated" type unit uses liquid fuel, produces steam up to 300 lb. pressure in a couple of minutes from a cold start, requires neither boiler room nor high-draft stack. It comes in six standard capacities from 500 lb. to 3,000 lb. evaporation per hour, the 500-lb. unit being only 42x28x43½ in. outside dimensions, the 3,000-lb. unit 86x43x80½ in.

Noncritical Fixtures

Instead of the usual channel steel top, Scientific Lighting, Inc., Fond du Lac, Wis., uses one made of wood in manu-

METAL SPINNING

**MAY BE
THE SOLUTION TO
A FASTER WAY TO SOLVE
YOUR PRODUCTION PROBLEMS**

**THERE IS NO WAITING FOR COSTLY
DIES. THIS MEANS YOU ALSO AVOID
A BOTTLENECK IN THE MACHINE SHOP**

**SEND US YOUR BLUE PRINTS
WE WILL QUOTE IMMEDIATELY**

**OUR OTHER FACILITIES INCLUDE
SHEET METAL WORK • WELDING
SMALL STAMPINGS • PUNCHINGS
ASSEMBLIES (Electrical & Others)**

THE ART METAL CO.

1814 EAST 40th ST. CLEVELAND, OHIO

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2849 N. Clark St. Dept. B-3 Chicago, Ill.



FORGINGS COME FIRST

Forgings are indispensable in the War effort primarily because airplanes, tanks, ships and guns must be built to "withstand the unpredictable" . . . for which specification there is nothing to equal the strength and durability of the drop forging.

Airplane and Tank Parts Forged on Chambersburg Hammers

Airplane Engine Parts Forged on Chambersburg Hammers

Before the machine tools can cut and grind these parts to their final microscopic perfection, they are first forged by tremendous impact between steel dies, in great drop hammers . . . such as those bearing the time-honored name of CHAMBERSBURG. ★ Metal is saved, time is saved . . . and Victory brought closer . . . by the speed, power and close-to-finish accuracy of Chambersburg Hammers.

• CHAMBERSBURG ENGINEERING CO., CHAMBERSBURG, PA.

CHAMBERSBURG

HAMMERS • ECOSTAMPS • PRESSES

facturing its new Scientific Fluorescent Light Fixtures with a minimum of critical materials. Yet the construction is staunch enough to support the weight of a man.

Hard board reflectors, finished with baked enamel having a high reflective

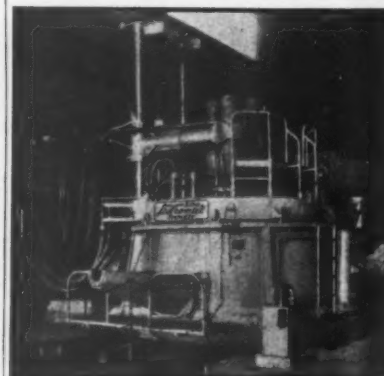


factor, do the work formerly done by steel reflectors.

Although there is only a pound of sheet metal to one of these fixtures, all electrical parts are entirely inclosed in metal containers with all components so arranged that there is a continuous and fire-preventing ground. Fixtures are available in sizes for two 40-watt or two 100-watt fluorescent tubes. Their mountings can be made with chain, rod, or conduit.

Adapted Electric Furnace

Back in the almost forgotten days when steel scrap was plentiful, steel-makers were able to choose "heavy railroad scrap" for charging their electric furnaces. Now they consider themselves lucky to be able to charge them with punched-out sheets, shell turnings, and other light scrap "so full of air" that



rated furnace capacities are hard to achieve.

Presented with this problem, Pittsburgh Lectromelt Furnace Corp., 110 32nd St., Pittsburgh, is manufacturing its new Lectromelt Furnaces with side-walls deepened to make room for bulkier scrap. Scrap capacity of the pictured 10-ton size is increased 25%. Capacities of the 2 to 5 ton smaller sizes are increased about 22%.

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MANAGEMENT LOOKS AT THE LABOR PROBLEM

A BUSINESS WEEK REPORT TO EXECUTIVES

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MANAGEMENT LOOKS AT THE LABOR PROBLEM

During the years between the two world wars the character of American business changed. Many of the changes were self-willed as business men reshaped their enterprises to operate under new conditions and respond to new opportunities. Most such innovations proved their value. Industry was able to lift the standard of living to new and unexampled highs; owners, managers, and society-as-a-whole were direct beneficiaries.

But some of the changes that set business into new patterns were far from being freely ordered. They came at the dictation of government and of labor, and business fears that certain of these enforced alterations may have wrought irreparable harm.

Now, especially, as every business decision must be measured in terms of how much it will contribute toward winning the war, the injection by labor representatives of considerations unrelated to that purpose is regarded as irksome and dangerous. As the transformation of our economy continues under the hammer blows of total war, management is showing an ever greater willingness to get on with the job at hand, to think only of getting it done, to draw a curtain over any postwar plan or ambition that might conceivably defer the quickest possible victory.

But in the field of labor relations, where few landmarks are fixed, where a fluid and volatile situation has been made more hazardous by the intrusion of government, and where union objectives have been unaffected by war, the business man's concentration on war business is difficult to keep in focus. Here management has real reservations.

As government rulings, policies, and directives push employers into new corners where they have less and less to say about their employee relations, not only does the paramount question, "Will it help to win the war?" draw unsatisfying answers, but another question, unvoiced but deeply felt, takes form. It is, "Where will these concessions to labor leave us after the war?"

Complicating Factor

It is this unspoken question which complicates our already serious wartime labor problems, which dominates the proceedings as employer and labor representatives sit down together to negotiate working agreements, and which weighs on the minds of both parties as they face each other before arbitrators and government boards.

Nothing can be accomplished by deploring this fact. It is a reality which grew out of a decade that saw too much happening too fast in the field of employee relations. It may be charged to the pace of events which moved so quickly that there was no time or vantage point suitable for map making. Management was given no time to catch its breath and look around.

Report Cover Picture—Federal Shipbuilding & Dry Dock Co. employees participate in the award of an Army-Navy "E" at Kearny, N. J.

The brief glimpses it was vouchsafed of the fundamental changes in labor relations which were taking place were apt to be so discouraging and painful that it was not heartened to look further.

Nevertheless, distasteful as the record may be, any solution of the problem of better labor relations for industry requires for its starting point an insight into unionism, and into its history of partnership with government. Employers who hope to deal practically with this harassing problem will need understanding of national labor issues—issues which trace their roots back into the everyday business of employee relations in individual plants. Employers must be willing to face objectively the hard facts of labor views and government policies that have seemed inimical to good management. They must know how and why labor problems have developed to their present state. They must have the basis of information which is a prerequisite for discerning what lies ahead and for sensing how they may influence it.

On each major point, earnest and anxious employers want the whole record—both pleasant and unpleasant. To provide that background, undistorted by emotion, for every businessman who has to meet a payroll, Business Week undertakes the difficult job of this Report to Executives.

As a general statement it is true that no firm with more



War between labor and management, conflict between unionists and nonunionists, internecine battling between unions, as pictured in the newspapers of almost any city—this happens to be Cleveland—throughout the last ten tumultuous years of organizing by labor and intervention by the government.

than a hundred employees is today without a "union problem." Where formal relationships have been established, annual or biennial contract negotiations and day-to-day operations under contract rules take management time and attention. Where an employer is not actually under contract with a union, his employees are either in the process of being organized or are marked down for future attention by some labor organization. The more than two hundred American Federation of Labor, Congress of Industrial Organization and independent unions and organizing committees with their thousands of local units have staked out jurisdictional claims which cover every branch of American business.

Some of these claims are of long standing and some already were on their way to becoming dead letters when, under the administration of Franklin D. Roosevelt, encouragement of unionism became official government policy. The great union revival in the 'thirties had both government inspiration and support for the announced reason that equalization of employers' and employees' bargaining power was socially and economically desirable.

Under such a sovereign and determined leadership, moribund unions were revitalized, new ones were established by the score, and functioning organizations entered a period of expansion which was phenomenal and unparalleled.

Fostered by political considerations, the flourishing unionism interacted on politics, lent its growing influence to political currents which would favor it further, and succeeded to a large extent in making government an ally and handmaiden.

As a result, an employer's problems in union relations

have become problems in governmental relations as well. Legislators and government administrators have not only striven to increase labor's bargaining strength, but have introduced a new element into what was formerly a direct, two-party relationship. In the background of every important collective labor negotiation, and in the foreground of any which develop disagreement, a government representative is on hand to make a triangle out of what used to be a fairly straight line. It has become increasingly difficult for an employer to travel the shortest distance in getting from one point to another in his labor relations. In addition to a union, he has to cope with a government which does not have a reputation for dispensing even-handed justice where labor is concerned.

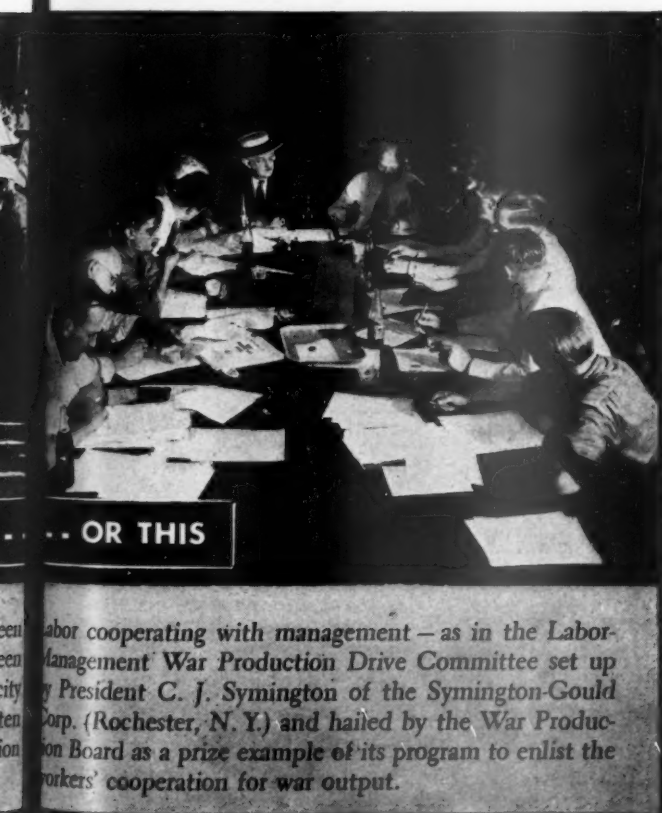
In this favorable political climate, the number of workers who belong to unions has increased more than threefold in the last ten years. Today, more than 10,000,000 men and women are members of A.F.L. and C.I.O. unions. Over a million more belong to the railway brotherhoods, the Brewery Workers Union, the International Typographical Union, and other non-affiliated organizations created for collective bargaining purposes in the communications, manufacturing, mining, distribution, and service industries.

Why Workers Become Unionists

Most of these millions have a fairly clear idea about why they have joined a union. Some of them, like the 5,000 in the captive coal mines who refused to join the Mine Workers Union before John L. Lewis was awarded an industry-wide union shop (BW—Dec.13'41,p28), have been coerced into membership. Others, like the non-professional building workers who got jobs on government construction projects, found union membership to be a condition of employment. Still others were deceived by persuasive organizers into believing that unionism could bring them benefits which did not materialize and, though disappointed and resentful, they stay in the union in order to keep their jobs. But unions built on coercion, collusion, or chicanery do not survive. In a relatively short time they are either deserted and become inoperative, or they are transformed into bona fide collective bargaining instrumentalities.

Actually, transfiguration is much more common than death. Many employers, convinced that their workers were organized by trickery or force, have sat back with the confident feeling that the employees' "good sense" would assert itself and that the union would not last. Time has proved that only an infinitesimal few have been justified in that confidence. The employer who assumed, on the other hand, that the union would survive, that it might be changed, that he might influence that change, and that he would be wiser in his own interest to accommodate himself realistically to that assumption, has often been able to make his relations with the union considerably less chafing than the employer who tried to ignore what he felt was a transitory nuisance.

For it has proved to be safest to assume that the majority of unionists have become unionists of their own free will in the belief that common action with their fellow workers would bring them benefits worth the price



of union dues, payless days while they were on strike, employer disfavor and, sometimes, community opprobrium.

In general terms, the things that workers want are not different from those to which employers, professional men, and everybody else aspire. Security, opportunity, an improved standard of living, and recognition are universal ambitions. Lack of them, or fear that, once achieved they could not be held, has been the motive power behind revolutions, repressions, reforms, and the American labor movement.

Workers who will not join unions are not without desire for security, opportunity, an improved standard of living, and recognition. But they have either resigned themselves to the belief that these things are unattainable or have concluded that some other method for getting them is more feasible. In this group are those who believe that their employer's good will and good sense will assure them as much as it is possible for them to get; those who prefer to rely on individual effort; and those who feel that only far-reaching political and economic change can effect any real alteration in their circumstances.

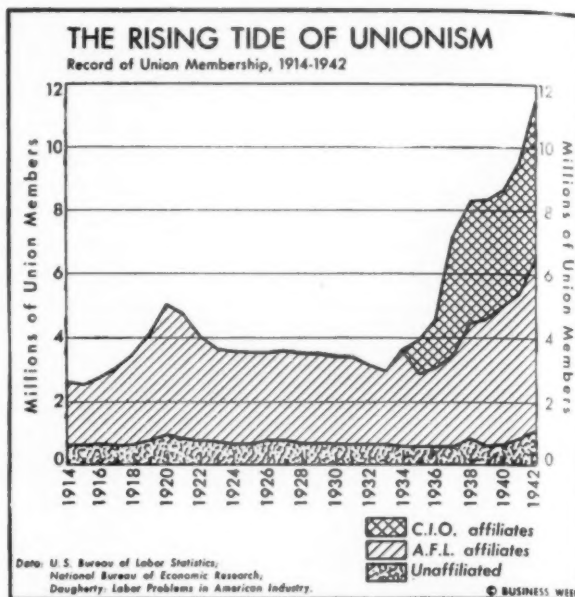
Trend Toward Union-Mindedness

The individual employer finds that employees of these persuasions constitute a tractable work force. As a matter of fact, every employment relations program that is conscious of and consistent with the objectives it is designed to achieve is aimed at convincing workers that they can rely upon their employer's good will and good sense. This is true even though the program is operative in a situation where a union holds a contract. For a union and its members can be more or less "loyal" and such an attitude is often decisive in determining the reasonableness or unreasonableness of a union's demands and its ability to understand and appreciate the employer's point of view.

When an employee joins a union it does not necessarily mean that he has become anticompany. It does not even mean that he is permanently committed to unionism. There is nothing immutable or final about a worker's attitude. But it would be very misleading to overlook the fact that the record of the last ten years points out a trend that has the "average" worker becoming more and more union-minded. And this despite the reputation for dishonesty, strong-arm methods, and selfishness with which some union officials have tarred the whole labor movement. It is the union as an economic institution, not its leaders, which must be examined to explain what has happened.

Unions Are Businesses

Unions exhibit a diversity of forms and functions, but, fundamentally, they are all business organizations. They are established to provide a service and they market that service to a special group of customers. The union enterprise is cooperatively owned by its members, and income of the enterprise is used primarily to extend the service it provides. Its slogans may be idealistic, and the preamble to its constitution visionary, but there is no "pie in the sky" utopianism about a union's routine or objectives.



The "prosperous 'twenties," with their promise of continued economic well-being for workers, interrupted the growth of unionism. But when, under the New Deal, unionism revived, it expanded at a rate that more than made up for its decade of stagnation. Membership in unaffiliated labor organizations (unions independent of the American Federation of Labor and the Congress of Industrial Organizations with "company unions" excluded) tends to remain at a dead level. But A.F.L. and C.I.O. expansion into traditionally nonunion industries has pushed membership to the highest point in history.

With no important exception, American unions today operate on a "pay envelope" psychology. They define their job as raising the paychecks of their members, handling their grievances, getting them greater employment security, and improving their working conditions.

Job Conditions the Core

Present day unionism with its vastly enlarged interests in political, economic, and social affairs may appear to be a different kind of institution than that which the A.F.L. epitomized with its narrow craft and job interests a generation ago. But a subsurface examination will reveal that the core of unionism—its concern with pay, security, and conditions of the job—remains the same.

The broadened area of activities in which the contemporary union participates has been likened by Professor Perlman of the University of Wisconsin to the plains around Tobruk. On them defending forces had to set up sentry posts, machine gun nests, and barbed wire barricades. None of them was important for itself. But if the fortress at Tobruk—like the union's job interest—was to be held and its attackers handicapped, the hinterland around it had to become its outer defenses. So with the unions. They have plunged into affairs which are not directly union concerns because they have felt that their control over conditions on the job could be fortified and advanced by establishing such outposts.

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of Karl Marx. Like Marx they made the error of thinking of the working class as an abstraction. They failed to understand that the American working man was just as capitalist-minded as his boss. Many workers were property owners, and those who weren't wanted to be. Their ambition was to acquire more property. They were as quickly alienated by a philosophy of social ownership or equalitarianism as any industrialist. They were prepared to organize and strike for a larger share of the profits of their employer but they refused to organize against the profit system.

Radical Labor Leadership

With no notable exception the influence of the outside intellectuals on the American labor movement has been washed away. A few of the old, revolutionary slogans may still be heard in union meetings, but they have become part of the folklore and only the exceptional worker takes them seriously. Revolutionary unionism died in this country with the demise of the anarcho-syndicalist Industrial Workers of the World in the 'twenties. And it was only among the least secure and lowest paid that revolutionary unionism had even a vestige of favor.

The Communists and Socialists who have been important in labor more recently have apparently learned one lesson which their radical forebears failed to assimilate. The present crop very carefully separates its radicalism from its unionism.

An official like Harry Bridges of the West Coast longshoremen's union, who is often taken as a symbol of red labor leadership, has his public utterances reported enthusiastically in the official Communist press. But when he sits down to negotiate with shipowners, his approach and his demands are in no wise distinguishable from those of a conservative-minded business agent of an A.F.L. building trades local.

To be sure, Bridges may be somewhat more ready to call a strike as a "convincer"—or at least he was before Russia was invaded and the Communist Party line changed to "maintain uninterrupted production"—but he knows that in the long run strikes have to fatten pay envelopes. If they only served to hasten the revolution, Bridges would soon be a leader without a rank-and-file. His followers—not the small group which subscribes to his political ideology but the union members who go on re-electing him to office—approve his ability to deliver higher wages, shorter hours, and greater job security. To them, his leftist orientation is a secondary consideration.

Corrupt Labor Leadership

And the same indifference to what are considered "extraneous factors" characterizes the relationship between union members and union leaders who have used their positions to advance selfish interests. A union boss like George Scalise, now serving a term in Sing Sing for embezzlement of union funds, and music czar James Petrillo, currently living in a suite at the Waldorf Astoria, can apparently "get away with murder" without provoking an uprising against themselves among their constituents.

They have, of course, machines and slush funds and

patronage which helps to keep them in office. But they don't lose sight of the fundamental necessity for delivering more and more to the membership. Under the Scalise regime, wages of organized building service workers went up sharply. As long as they kept rising, Scalise's strong arm squad got little employment working out on recalcitrant members. He was free to exercise his undeniable talents for amassing personal wealth even at the expense of the union treasury. The rank-and-file didn't lose its temper over where its dues payments were going so long as the paycheck from the boss kept increasing.

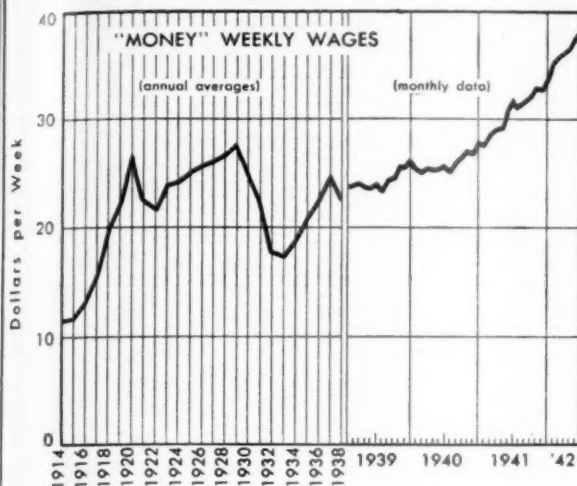
Radical and corrupt leadership does not alter the essential character of unionism. It remains a practical, hard-headed business enterprise. And it is a mistake to identify the union, as an institution, with the ethics or politics of any particular set of leaders.

This, too, has direct implications for the employer. Because the "outsider" with whom he deals is patently "un-American" or dishonest, it does not follow that the men he represents can be turned against unionism. Employee relations programs operating on such an assumption have been known to boomerang.



"John L.," as management knew him when—when he was at the top of that historic wave of industrial unionization rolled up by those dissenters from A.F.L. craft unionism who founded the Committee for Industrial Organization. Now that C.I.O. has become the far-flung Congress of Industrial Organizations, Lewis is again a dissenter.

THE PAY ENVELOPE AND ITS PURCHASING POWER, FROM WAR TO WAR



Source: U. S. Bureau of Labor Statistics, National Industrial Conference Board

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The 133% increase in weekly wages from 1914 to 1920 was truly inflationary. Its value to workers was all but cancelled out by a meteoric rise in the cost of living. In that period, real wages advanced only 18%. In the current war period, however, wage increases have far outdistanced prices. From 1938 to mid-1942, real wages rose 41%, piloted by a 67% increase in the amount of money going into the average weekly pay envelope. Workers' living

standards have thus far been appreciably improved by war. Because the unions have been particularly active in this period, there is a noticeable tendency among members to give their organizations credit for securing the new economic benefits. Whatever the question about how much of the credit is actually due war conditions and other economic factors, there is no question about the fact that this has made for greater union loyalty.

If "restraint and circumspection" is the correct rule of conduct for the employer representative dealing with a union official, the only exception that applies when the union man is an "undesirable" is that the employer should be more restrained and more circumspect. An intemperate retort or an error in judgment will be much more provocative to the unscrupulous union official who is on the lookout for opportunities to further his own designs than such slips will be to the honest union official who is only trying to do an effective job, according to his lights, for the men he represents.

Employer Influence Often Possible

Within limits, an employer can exert a very real influence over the type of union leadership with which he deals. It is far from being an immutable law, but, in general, like evokes like rather than opposites in labor relations. Thus the belligerent employer paves the way for belligerent union leaders. Cooler heads in the union organization lose ground in the competition for leadership. The ranting, roaring, militant direct-actionists have their hand strengthened by an employer who can be pictured to the membership as a man who can be impressed only by threats and force. Those industries and areas in which unionism fought its bitterest battles to gain a foothold are the ones where unions are today led by the most uncompromising and irresponsible of labor's leaders.

Contrariwise, the "collaborationist" unions are much

more frequently found in industries and plants that have tempered their resistance to unionism with moderation. Or, as is just as often the case, in industries where employers fought a losing fight against union penetration and then accepted unionism as a permanent fixture to which they must adjust. Under such circumstances, uncompromising union leadership finds it difficult to justify itself to the rank-and-file. If an employer offers an earnest of his desire to "make the best" of his union relationship, he makes it much easier for reasonable men—those who want a measure of reciprocity in the give and take of labor relations—to rise to positions of influence in union affairs.

For there are two distinct stages in the life of a union. First comes the organizational stage in which all energies are concentrated on the struggle for existence. Small successes are worth a great price; the union must plant its roots. The employer who stands in the way becomes the target for all the fury and the force the union can bring to bear. In this phase there is a premium on aggressive, daring, sometimes reckless, leadership. Men with loud and persistent voices, and with big fists, come to the top. The situation calls for leaders who can whip hesitant elements into line, who can "disturb the peace and incite to riot" and serve the consequent jail sentences without compunction.

This phase will last until the union is "established." Until it becomes evident that the organization no longer has to consider the fight to keep alive its prime function, the hard guys and the soap-boxers will run the show. In

WHEN MANAGEMENT LOOKS AT LABOR IT SEES GOVERNMENT



Paul V. McNutt, Chairman,
War Manpower Commission



Frances Perkins, the New
Deal's Secretary of Labor



H. A. Millis, Chairman, Na-
tional Labor Relations Board



William H. Davis, Chairman,
National War Labor Board



John P. Steelman, Director,
Labor Conciliation Service

some unions there are anomalous situations where the organization is accepted in one branch of its jurisdiction, and in another must fight for a foothold. This, as in C.I.O.'s United Automobile and Aircraft Workers Union, will make for factional fighting within the organization where the belligerents, working in the unorganized field of the union's jurisdiction, will unceasingly campaign against the conciliatory elements, and vice versa. Each may very possibly be motivated by a conviction that the policies of the other will be harmful to the organization.

If the union does not achieve a measure of acceptance from employers, its hard-boiled organizational stage may last indefinitely. But when it can give up its preoccupation with the elemental business of survival, it is able, if it is so minded, to identify its interests with those of the industry in which it operates. In this stage, if the union is to achieve stability and progress, the character of its leadership must change. The early leaders, whose principal qualification for leadership was their ability to maintain an impassable picket line, must learn how to sit down in a conference with employers and negotiate. If they can't adapt themselves to the new tasks, they must eventually give way to men who can. They may be difficult to supplant, because they were in on the ground floor and wear the mantle of founding fathers, but, in an appreciable number of cases, the organizers yield to the negotiators, and changes of labor leadership mark a tacking to conservatism and cooperation with employers.

More Than De-nuisancing

Most employers, being bearish on unionism, are inclined to consider the second stage the ultimate in what they can expect from the de-nuisancing of their union relationship. But some employers, not many but a few, have with patience and ingenuity worked their way to something better. They have asked themselves, in effect, "Isn't it possible to do more than neutralize the nuisance of having to handle employee relations through union rules and a union contract? Aren't there some positive benefits that we can discover in a situation that we didn't will but in which we have to operate?"

They have approached the problem of union relations much as some employers approached the merit-rated payroll tax for unemployment compensation. This, to be sure, was an additional burden, an added expense of doing business. But it was an accomplished fact to which they had to accommodate themselves. Could it be turned into an asset? And in some cases it was. It became an incentive for a profitable re-examination of employment policies and revision of work schedules, promoting employment stabilization and regularization which not only earned lower tax rates but pared operating costs as well.

Some Specific Experiences

So with the burden of unionism. A firm like Brown & Williamson has discovered that the emphasis in its advertising on the union label, which appears on the tobacco products it manufactures, will tap a wide market of labor-conscious consumers.

The A. Nash Co., clothing manufacturer of Cincinnati, found that a rapid expansion of production in the middle 'twenties had caused a deterioration in quality. The Amalgamated Clothing Workers Union was appealed to and it is a matter of record that in a relatively short time the situation was rectified and the firm saved a considerable amount of money.

The Baltimore & Ohio R.R. initiated a union-management cooperation plan which became the prototype for the "Nelson Committees" now flourishing in the war industries with the support of the War Production Board. The "B. & O. Plan," so-called, is the classic example of management converting unionism into an asset.

The basis of the "B. & O. Plan" is authoritatively described as "an exchange of rights and duties vitalized by mutual respect, the will-to-agree, and the realization of practical benefits." The railroad on its side agreed to complete recognition of the national unions as the employees' representatives and as a constructive force in the industry; payment of higher wage rates as a share in the larger output made possible by increased efficiency; regularization of employment as far as possible so as to pro-

WITH THESE MEN (AND THE LADY) IN THE KEY SPOTS.



Frederic Lubin, Commissioner of Labor Statistics, Dept. of Labor



L. Metcalfe Walling, Administrator, Wage-Hour Division



Paul R. Porter, Chief, Stabilization Branch of the WPB



Wendell Lund, Director, Labor Production Div., WPB



William M. Leiserson, NLRB Member and Rail Mediator

vide security and greater yearly income; division of work when it is slack; efforts to maintain safe and healthful working conditions; efforts to help the unions solve their problems; willingness to consider and reward employees' suggestions for shop improvements of any kind. In short, employees were to receive better pay, steadier work, and an uncommon opportunity to achieve physical well-being and mental tranquility.

In return, the unions agreed not to stint physical or mental energy, but to exert every effort to better the amount and quality of their work; also, specifically, to obey shop rules, use tools carefully, conserve materials, and make suggestions for improved processes or devices. The formal machinery of cooperation was an elected joint committee, entirely separate from another committee dealing only with grievances and discharge, which met at least once a month on matters relating to production and efficiency.

Practical Benefits on the B. & O.

The late Daniel Willard, under whose term as president of the B. & O. the union-management plan was developed, was so enthusiastic about the practical results of the scheme that he induced several other U. S. and Canadian roads to copy it. According to Willard, both sides reaped material financial benefits in addition to incalculable gains arising from good will and common understanding. During the first five years of the plan, management received more than 18,000 suggestions from union members, about 85% of which were valuable enough to be approved and put into practice.

Otto S. Beyer, the consulting engineer who directed the plan for B. & O., cites, as among the positive, measurable benefits realized by the railroad, better shop discipline, better morale, reduced labor turnover, a superior grade of new employees, improvement in employee training, conservation of material and tools, increased quantity of output, and better workmanship. The union got, Beyer estimates, a 75% reduction in number of grievances because of fairer application of union working rules, speedier handling of grievances, improvements in ap-

prentice training, higher pay, steadier work, better tools, work methods, and working conditions, and a share in the financial gains of cooperation.

The very practical nature of the gains accruing to union members under the B. & O. Plan demonstrated that it was possible for a union to advance its members' interests through cooperation as easily as by conflict.

In a study on "Union Policies and Industrial Management," published by the Brookings Institution last year, and applying to conditions before the defense program got into high gear, Prof. Sumner Slichter of Harvard maintained that "employers must bear considerable responsibility for the limited spread of union-management cooperation." He wrote:

With few exceptions they have not desired or sought the help of unions in increasing efficiency. They have regarded unions as inherently militant and antagonistic organizations with which cooperation was out of the question. They have been opposed to doing anything to improve the prestige or status of the union—and inviting it to participate with plant management would raise its prestige. They have been more interested in keeping unions in their place than in obtaining their help.

Some employers have simply been jealous of their ancient prerogatives. In their view the worker's function is to execute decisions of management, not to help make them. Arrangements that modified this traditional relationship have been distasteful to managements. A few employers have feared that union-management cooperation would produce friction over the division of gains. In slightly more than half of the cases of union-management cooperation, the initiative in starting the plan came from the union.

Unions Not Enthusiastic

But Slichter also pointed out that unions have not displayed a great enthusiasm for promoting such schemes. He explains this by saying that. "To the members who must fight for the right to have a union, the idea of cooperating with management has just never occurred. The employer has been an enemy who must be vigilantly watched. One did not think of cooperating with him."

It required the grim realities of war and a War Production Board which put increased industrial output above every other consideration to introduce the B. & O.

Plan and union-management cooperation on a national scale. But not even such compulsions could achieve the salutary results which WPB expects of its war-born plant production committees if it were not for the fact that the war has pushed the demand for labor to unprecedented levels.

For, until they can be assured that increased business will take up any employment slack, the labor unions will not abandon their restriction-of-output practices, originally designed to keep jobs from disappearing and thus to protect a worker's employment security. (The Amalgamated Clothing Workers' promotion of efficiency plans, previously referred to, was a special type of case in which the union faced the prospect that the employer would go out of business, destroying more job opportunities than would be lost by higher worker output.)

Careful Examination Needed

Thus, normally, the employer who has the best opportunity for getting help from a union in increasing efficiency and stepping up output is the one whose competitive position makes for an elastic labor demand; who can demonstrate to a union that increased efficiency will bring in more orders and enlarge the job pool. Under any other circumstances, a union proposal for such cooperation must be carefully examined. It is apt to be either ill-conceived and badly thought through or, in some cases, a tactic used to advance some ulterior motive. Equally suspect would be a union-advanced plan for cooperation on an industry-wide basis.

But, with few exceptions, the union relationship has meant more trouble than help. No one seriously questions the fact that the employer's problem of getting the most for the dollar expended on labor has been made more difficult by the expansion of unionism. But employers have been powerless to block its consistent progress under the New Deal. Exceptions seem only to prove the rule that fairness, generosity, opposition, and force have all been equally ineffective in halting labor organization. They fail to disprove the idea that the nature of modern industry has made some form of unionization inevitable.

"Inside Unionism" Appears

It was shortly after the last war that an important section of employers began to recognize the strength of this idea and to do something about it—through the promotion of employee representation plans, later damned as "company unions." Many of these "inside unions" were founded by management for the honest purpose of giving employees an organization through which they could express themselves. Managers of big enterprises, who saw that the traditional employer-employee relationship, the first-name familiarity, which characterized the era of small business, had been lost, turned to "inside unionism" to repair that loss. Other employers, however, started employee representation plans primarily to fend off outside unions. The theory in such cases seemed to be that one bird in the nest, even if it were stuffed and bore only a superficial resemblance to the real thing, would keep other birds away.

Not only did the employers who used inside unions for defensive purposes misjudge their value in that regard, but they must take a large measure of responsibility for discrediting the whole employee-representation movement. Later, when unions became an important political force, the labor lobby was able to write into federal law a prohibition against "company unionism" of all types without distinction between "genuine" and "phony" ones. This was possible only because there were readily at hand numerous examples of inside unions whose only purpose seemed to be to prevent bona fide collective bargaining.

Filene's Association the First

The first known example of inside unionism was the Filene Cooperative Association, founded in Filene's Boston department store in 1898. It was a genuine collective bargaining instrumentality evoked by no threat of outside unionism but by a desire on the part of the company to provide employees with an organization that would guard their group interests. The Filene Cooperative still exists, though changed in structure and function to satisfy the requirements of the Wagner Act.

About a dozen other pioneer inside unions appeared before 1915. Like the Filene plan, they represented honest attempts to introduce collective bargaining as a substitute for employee relations policies that had been antiquated by industrial progress. But the World War period and its aftermath saw employee representation turned to new and different designs. The resurgence of A.F.L. organizing activity in these years drew the attention of some employers to the need for "protection." By 1926, a survey revealed that 432 firms with close to 1,500,000 employees had adopted employee representation.

Many of the plans established for protective purposes were abandoned when the threat of A.F.L. organization waned in the prosperous 'twenties, (and this was later used effectively as evidence of their purely negative intent). But the National Industrial Recovery Act and its attendant revival of outside union activity brought a startling revival of employee representation. It is estimated that by 1934 there were around 800 companies with inside unions, and more than two million workers in most branches of industry were covered by them. Professor C. R. Daugherty of Hunter College in his book "Labor Problems in American Industry" wrote the obituary for them when he said, "The haste and lack of preparation with which the 'NRA plans' were introduced, however, plus the new feeling of independence among workers generally, was responsible for the fact that many of these plans failed to meet the union-avoiding expectations of the sponsors."

Employers Lose Initiative

The U. S. Supreme Court Decision of April, 1937, which held the National Labor Relations (Wagner) Act to be constitutional and thereby outlawed any inside union dominated, supported, or favored by the employer, brought to an end the effort of employers to work out a solution to the labor relations problem without interference from outside. From that point on, the initiative for

establishing organized, collective forms of employee relations passed to professional outsiders.

For the most part, these outsiders were men who had learned their unionism in another period and who were tied to a tradition which did not square with the realities of modern industry. They were true-to-type business unionists all right, but the forms with which they worked were ill-suited to the opportunities that the New Deal showered on them. Their enterprises were small-scale and local and, having lived through periods of alternate union growth and decline, they were inclined to play a cautious game, fearful of over-extending themselves and losing a hold on what they had.

These were the men who had worked with Samuel Gompers, founder of the A.F.L. and outstanding apostle of organizing by crafts. They were tied to his philosophy by an umbilical cord which had never been severed.

Lewis Takes Command

The inability of the A.F.L. hierarchy to capitalize on the opportunities which the New Deal opened for it was demonstrated under NRA. Clinging to the notion that the only possible form of unionism was craft unionism, the A.F.L. picked and chose among the groups of workers who appealed to it for help in getting organized. In some cases, the groups rejected were not merely turned down but actively opposed by A.F.L. leaders as they strove, under inexperienced local leadership, to establish unions of their own. Such A.F.L. leaders considered the labor ferment which attended the first Roosevelt administration both transitory in its gains for unionism and dangerous in its disturbance of their small but comfortable jobs. It soon became evident that men who were so overly-conservative would be shunted aside by others who could recognize an opportunity when it developed.

In 1936, the "new unionism" appeared. Under the leadership of John L. Lewis, himself an old Gompers man, but more ambitious and resourceful than his A.F.L. compeers, the C.I.O. opened for business. Pushing into fields dominated by giant corporations where unionism was unknown, the C.I.O. seemed at first blush to be an almost revolutionary movement. This impression was heightened by the fact that the Socialists, the Communists, and practically every other radical political sect immediately boarded the Lewis bandwagon.

John Lewis—a lifelong Republican whose own union, the United Mine Workers, operated under a constitution approved by him which barred Communists from membership—did not spurn their aid. He was shrewd enough to understand that the movement he was launching required zealots, visionaries, and utopians who might have illusions as to what they were working for but would be useful tools to spread a gospel which, in some circumstances, would involve the risk of personal violence. The crews he sent out to the mill towns and the manufacturing cities were, in most cases, headed by Lewis stalwarts who were the cleverest business unionists in the game, but they had a liberal interlarding of radicals who considered that they were embarked on a crusade.

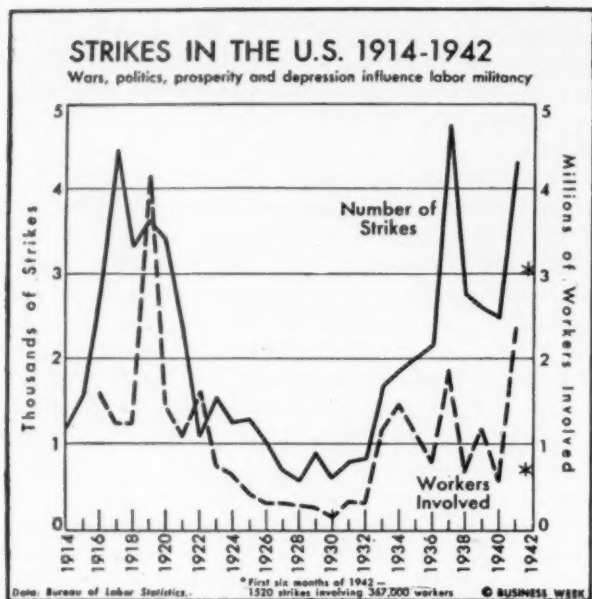
Radicals Adopted

The employer who found that the town radical, suddenly adopted by a well-heeled and aggressive organization, was holding organizing rallies at his plant gates was bewildered and frightened. His inherent distrust of unionism intensified. His opposition stiffened. He was prepared to go to great lengths and considerable expense to prevent the undesirable who was distributing leaflets at his gate and rabble-rousing his employees from ever entering his office as an equal to negotiate for his workers.



And in 1898 every member of the management of Filene's Store in Boston knew every member of the Filene Co-operative Association as a participant in an historic experi-

ment in "inside unionism." F.C.A. still carries on, but "inside unionism" in general has withered under misuse, the Wagner Act, and attacks by "outside unionism."



The chaotic pattern of American strikes may seem to make no sense at all, but some help in accounting for the ups and downs can be found in a picture of the business cycle, although non-economic factors are often much more germane. When business is swinging into better times, labor militancy increases. The labor theory is, "Strike while the iron is hot or when the cash register begins to tinkle." Contrariwise, because their chance of success is small, strikes are not undertaken in periods when business is retrenching; note the sharp drops in 1920-1922 and in the "Roosevelt recession" of 1937-1938.

A relatively stable economic situation, either increasing prosperity or deepening depression, will tend to make unions dormant, flatten out the strike line at a low level. Given, however, non-economic considerations like the New Deal's encouragement and John L. Lewis's ambitions, the peaks and valleys in the strike charts seem to respond as much to caprice as they do to anything that could be considered to be of basic economic import.

In his opposition to the new unionism he felt obligated to and got support from a section of his men who were just as frightened by and hostile to the C.I.O. as he was. Conflicts—bitter, protracted, and sometimes bloody—were the result. But the ultimate outcome of most of them seemed foreordained.

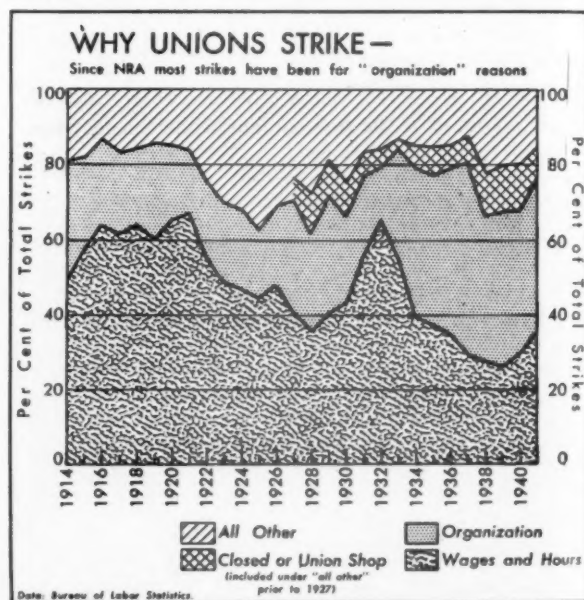
In the most dramatic labor conflict of this period, the Little Steel campaign of 1937, the C.I.O. was thoroughly routed in a long and costly strike in which the managements of four Little Steel companies set themselves against signing any contract with outside unions and persevered in that determination. A similar crushing defeat administered to A.F.L. unions by the United States Steel Corp. in 1919 had broken the back of A.F.L. ambitions in the mass production industries and left U. S. Steel union-free for 17 years. But the C.I.O. was operating in a different milieu. It found its defeat by Little Steel costly but far from fatal.

Less than two years after it had abandoned the strike as a completely lost cause, its organization in Little Steel plants was as strong as it had ever been before. Substantial sums of money were paid to strikers by the steel companies to settle back-pay compensation claims upheld by the National Labor Relations Board. A new and higher-gear organized campaign got continual fillips from NLRB and Circuit Court decisions in favor of the union.

C.I.O. Bounces Back

By 1941, the C.I.O. was back knocking at the doors of Little Steel executive offices, armed, this time, with official government certification as exclusive bargaining agent for Republic, Bethlehem, Youngstown Sheet & Tube, and Inland Steel employees, a status achieved by virtue of victories in government-conducted collective bargaining polls and checks of membership cards against payrolls. By 1942, the C.I.O. had signed contracts with the four Little Steel companies and with U. S. Steel which provided the union with a checkoff of dues and made it mandatory that every union member remain a member while the contract was in force or be discharged from his job.

These contracts, signed by management at government direction and under war pressure, gave unionism a status in the hitherto open-shop steel industry that it had never even approached before. One of the most determined and powerful groups of business firms that had ever taken



Wages and hours—bread and butter economics—used to account for the bulk of American strikes. More recently, however, wage and hour issues have run second in importance to getting union recognition, a signed contract, or increased membership, all of which come under the head of "Organization." There were strikes to force the granting of a closed or union shop before 1927, but the Bureau of Labor Statistics did not isolate them before that year. Under "All Other" strike causes, BLS lumps such miscellaneous disputes as jurisdictional battles between rival unions and sympathetic walkouts.



Ex-union officials who went directly from their labor executive jobs into prison cells because they had embezzled or extorted money while in office are (left to right): George Browne, formerly of the Stagehands Union (A.F.L.); George Scalise and James Bambrick, both of the Building

Service Employees (A.F.L.); and William Bioff of the Stagehands. Prosecution showed that these leaders belonged behind bars, but it didn't show that corrupt leadership will turn workers against unionism. The unions that these convicts left are as strong as ever.

a stand against outside unionism found itself unable to hold out against a union-war-government combination.

Greater and lesser employers than Little Steel have been through the same experience. The exclamation of a Southern coal operator last year as he came out of a conference which ended the bituminous strike on the union's terms, "We can take the union any time, but when it gangs up on us with the government we're licked," has been echoed and re-echoed throughout industry.

New Deal Had Precedents

One impediment to union acceptance by industry has been a fairly widespread feeling that unionism is a creature of New Deal politics, and that it is being pushed into places where it could never establish itself on its own merits. Whatever justification there may be for this feeling, the fact remains that, in stimulating the growth of unionism, the New Deal took up the intensive cultivation of ground which had been broken under pre-Roosevelt administrations. The legality of unionism and its right to strike, picket, organize, and bargain collectively—so long as these activities were not accompanied by violence or not conceived as conspiracies—was well established in common and statutory law before the first Roosevelt inauguration.

The Railway Labor Act of 1926, signed by President Coolidge, specifically forbade employer "interference, influence or coercion" in workers' self-organization on the railroads. Its language and intent went back to World War days when such policies were considered necessary in order to free war industries from strike threats.

In 1930, the U. S. Supreme Court unanimously upheld the constitutionality of the Railway Labor Act in the Texas & New Orleans R.R. case. The preamble to the

Norris-LaGuardia Act, signed by President Hoover in 1932, devised to curtail the right of federal courts to issue injunctions against labor unions, restated the purposes of the Railway Labor Act as a declaration of government policy for all industry in interstate commerce.

Thus the Roosevelt administration was not at a loss for precedents as it took up its avowed task of "equalizing the bargaining powers of employers and employees." And it lost no time in taking steps toward this objective.

The New Deal administration was hardly three months old when it pushed through Congress the National Industrial Recovery Act with its fateful Section 7(a). According to New Deal braintrusters, the equalization of bargaining strength which 7(a) was to achieve was necessary for three reasons: (1) It would be economically and politically unwise to give employers immunity from the antitrust laws and to allow them other privileges provided by NIRA which would increase their economic power, without giving their employees a chance to strengthen their position and balance that power; (2) unions would insure thorough policing of and compliance with the NRA codes' labor regulations; and (3) a much greater increase in purchasing power—one of the prime aims of all the Roosevelt economic legislation—could be obtained if strong unions could compel employers to make wage increases beyond code minimums or for workers not covered by codes.

Justifications Have Disappeared

Subsequently each one of these reasons had its justification washed away. When the NIRA was declared unconstitutional by the Supreme Court, antitrust immunities and special privileges for business were wiped out. The codes became illegal and their labor standards

were either incorporated into federal statutes (like the Wage-Hour Law) which provided policing powers or were dropped. By 1942, increased purchasing power had become the biggest single hazard to keeping a domestic economy stable while the nation was at war.

But, though the economic theories behind its first promotion of unionism proved inexpedient when circumstances changed, the New Deal remained constant in its support of organized labor.

NRA Brings First Labor Board

While industry flew NRA's blue eagle, Section 7(a) was administered by a National Labor Board composed of three labor representatives and three liberal employers and chaired by a pro-labor senator, Robert F. Wagner. Twice before the blue eagle died, the President buttressed this board's authority by special executive orders. Beginning as an agency of doubtful statutory status, it ended its career in 1934 as a quasi-judicial body which had evolved a series of rules for labor relations that later became the law of the land.

Professor Daugherty, in summarizing NLB's work, points out that it concerned itself with three main items: (1) "anti-union discrimination tactics of employers; (2) choice of representatives for collective bargaining; and (3) collective bargaining obligations of employers."

Of the board's attempt to establish principles, this commentator says:

Regarding anti-union discrimination the board ruled that (a) employers must not discharge, demote or otherwise act against employees so as to discourage membership in unions; (b) employers must reinstate workers discharged for union activities and take back non-violent strikers after board decisions; and (c) employers must not initiate, participate in, or control the operation of company unions in such a way as to discriminate against outside unionists and their right of self-organization.

With regard to choice of collective bargaining representatives, the board ruled that (a) workers must be free to choose individuals or unions as their representatives; (b) election of employee representatives by workers voting under a company union plan does not constitute employee approval of such a plan unless a majority of the workers have voted in favor of the plan after free submission of the plan by the employer; (c) in case of controversy over designation of collective bargaining representatives, free secret elections should be held under board direction and supervision; and (d) representatives chosen by a majority of the workers should be designated as the bargaining representatives of all the workers.

With regard to bargaining obligations of employers, the board held that (a) representatives of majorities of workers should receive recognition from employers; (b) employers must exert every reasonable effort to reach and operate an agreement in good faith with such representatives and (c) union-employer agreements reached in this way should be reduced to writing and signed in order to establish certainty and good will.

Supreme Court Approves

These doctrines, revised only so that they could be amplified, extended, and made more stringent, have subsequently been absorbed into common and statutory law under successive Roosevelt administrations. Most of them have had a seal set upon them by Supreme Court

decisions. In a severer form than that delineated by NLB, they stand today as the law of labor relations.

The NLB was liquidated in 1934. Its business was taken over by the first National Labor Relations Board operating under a vague authority from Public Resolution No. 44 which empowered the President to create, independently of NRA, a board or a number of boards with exclusive power to handle labor disputes arising under Section 7(a). This new board, headed by a group of liberals described as "labor relations experts," carried the principles of its predecessor somewhat further on several points. It had, however, no enforcement powers of its own and its effectiveness was largely a matter of getting compliance through voluntary employer cooperation.

Under the Wagner Act

When the Supreme Court invalidated NRA in 1935, the first NLRB closed up shop. But the New Deal forces moved quickly to fill its place. Before Congress ended its 1935 session, the National Labor Relations (Wagner) Act had been passed and signed and the dynasty of the second National Labor Relations Board began.

The second NLRB, which still exists, operates under a federal statute which gives it broad authorities that the courts have made unequivocal. In addition to establishing the three-man board, the Wagner Act gives it responsibility for two main functions: (1) It is to prevent employers from engaging in certain "unfair labor practices"; and (2) it is to conduct elections among employees in order to determine who should bargain collectively with employers over basic terms of employment.

The act enumerates five "unfair labor practices" which the board is empowered to prohibit and, in charging the agency to effectuate collective bargaining, gives it almost blanket powers to discover and ban others.

"Thou Shalt Not"

Hailed by organized labor as its "Magna Charta," the Wagner Act, as a document, may more aptly be compared with the Ten Commandments. It confers on labor little that it did not have before, but it bristles with "thou shalt not's" directed at employers. Nor are the prohibitions only declarations of policy. They get teeth from a provision which levies a fine, not to exceed \$5,000, and/or a year's imprisonment, for "any persons who shall willfully resist, prevent, impede, or interfere with any member of the board or any of its agents in the performance of duties." Decisions of the board, when they are upheld by the courts, must be observed or else the employer is chargeable with contempt of court.

From July, 1935, to November, 1940, the National Labor Relations Act was administered by a board which had a perpetual majority of left-wing lawyers. It conceived its objective to be the unionization of American industry and it handled its job with a zeal and a crusading spirit unexampled by a public agency. Its theory of administration took no account of the prevailing practices or policies of industrial management. Instead of helping business to understand its new legal obligations and guiding adjustment of employee relations programs

In a cyclonic five-year campaign, unions were established in every important industry. Basic and mass-production industries with huge integrated units where unionism had never before gained a foothold became union strongholds. Steel, rubber, glass, autos, textiles, shipbuilding, chemicals, lumber, electrical manufacturing, aluminum, transportation, communications, electric light and power, meat packing, petroleum, mercantile establishments, maritime trades, service trades, and a host of other industrial fields saw unionism open the 'thirties with neither membership nor influence of importance

Under the new chairmanship of Harry Millis, who came to the post from the job of impartial umpire between the General Motors Corp. and C.I.O.'s Auto Workers Union, the board's orientation shifted. The

[illegible]

the conditions laid down by the employer members of the National War Labor Board as essential preliminaries to any "maintenance of membership" grants

Millis philosophy was expressed in an interview given to *Business Week* soon after his appointment: "The purpose of the Wagner Act is to prevent industrial disputes. . . . To lose sight of that purpose is to maladminister the law. . . . Administration becomes a crusade when technicalities are fought over while objectives are forgotten. . . . Enforcing a law should never become a crusade" (BW—Feb. 15 '41, p. 52). This was in marked contrast to the viewpoint of his predecessors. They had used legal technicalities to blast employers into line.

NLRB Eclipsed by New Board

Under the Millis regime, the controversy over the Wagner Act and the NLRB abated. Employer criticism that the board was bigoted and unfair gave way to union criticism that the new board was pusillanimous. The unions had come to expect a much more forthright support against employers than the Millis-led board was prepared to give. Millis seemed to be as much interested in helping employers plan labor relations programs in conformity with the law as he was in cramming new policies down their throats.

But NLRB under Millis has not yet had an opportunity to assert itself as the top government labor relations agency. For the first three months of his tenure, the unions went on under the head of steam they had worked up under the old NLRB. Cases and proceedings already initiated had to be carried through and the momentum of union expansion did not appreciably slacken. Then, just as it seemed as if there would be a period in which employers would have a breathing spell to take stock and acclimate themselves to the new rules and factors in labor relations, the President appointed a new super-agency, the National Defense Mediation Board, whose importance put NLRB in the shade.

By mid-March, 1941, as disputes-as-usual on the labor front threatened the development of the national defense program, an executive order from the White House brought NDMB into being.

NDMB Was Different

As differentiated from NLRB, NDMB was a tripartite panel on which sat three representatives of the public (two university presidents and a lawyer with a long background in labor mediation), four employers (all executives of large firms which had contractual relations with A.F.L. or C.I.O. unions), and four labor leaders (officials in A.F.L. and C.I.O. unions).

The purposes and interests of NDMB marked a new departure in government concern with labor relations generally. Except in special industries—railroading, for example—federal policy had not, up to this point, injected itself into what happened after employers and union representatives sat down to negotiate the terms of collective agreements. All the government officially undertook under the Wagner Act was to effectuate such a meeting. Its efforts were focused on building up a union's bargaining power, giving it credentials that the employer could not ignore, seeing that the employer bargained in good faith and, upon reaching an agreement, reduced that agreement to writing.

Thus far, unions had been on their own in collective negotiations. The employer had been free to drive as hard a bargain as he could. But NDMB took government interest much further. It "recommended," with the power of the executive branch of the government behind it, the terms that management was to concede to unions.

Established as an agency to mediate between unions and management, its object was to eliminate strikes from defense industry by hearing disputes and recommending settlements. The board's policy, as expressed by William H. Davis, its dominant figure who later became its chairman, was to recommend to an employer that he give a union everything which, in the board's judgment, it could get by striking—no less, no more.

As unions deferred strikes in order to come before this new agency for what they were after, it became increasingly evident that the board housed some very different schools of opinion. In judging what a union would get by striking, the labor representatives uniformly assumed that a strike would result in a thumping union victory; the employer members were not always prepared to agree to any such assumptions. The public members, holding the balance of power, were inclined to favor the labor view.

Industry Bows

Nevertheless, world events were so obviously menacing the nation that diverse opinions were, for a while, submerged in the interest of industrial peace. With industry prospering and the nightmare of inflation still a chimera, NDMB recommended substantial wage increases with almost invariable consistency. Industry accepted these recommendations without making issues of the awards. The unions, originally suspicious of the new agency (the C.I.O. opposed its creation until the Executive Order was written), adopted it as their own, used it as a clincher in all important organizing campaigns and negotiations, and kept the board's docket loaded.

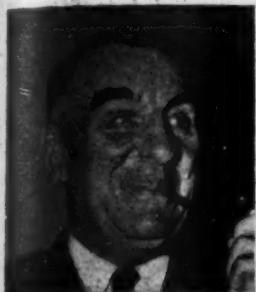
In June, 1941, NDMB made a recommendation for the settlement of a strike in the San Francisco Bay yards of the Bethlehem Shipbuilding Corp. which was truly historic. It found that Bethlehem operated the only big yards in San Francisco which did not have a closed shop contract with shipbuilding unions; ruled that this was a cause of labor unrest which impeded the ship construction program. It recommended that Bethlehem sign the same kind of closed shop contract that was in force in neighboring, competitive yards (BW—Jun. 21 '41, p. 57). The recommendation was not then disavowed by employer members of the board.

Status Quo Lost

With this coming almost immediately after the strike at the North American Aviation Corp. plant in Inglewood, Cal., which the Army had broken because the striking local union refused to accept an NDMB recommendation and return to work (BW—Jun. 14 '41, p. 14), Bethlehem acceded—and the employers' battle to maintain the status quo in union relations during the emergency and war periods was lost.

For the closed-shop grant in the Bethlehem case

Industry Representatives Who Sit On NWLB



Cyrus Ching, Vice-president,
United States Rubber Company.



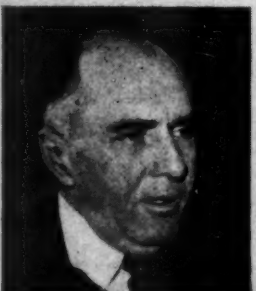
Roger D. Lapham, Chm. of Board
American-Hawaiian S.S. Co.



H. B. Horton, treasurer, Chicago
Bridge and Iron Corporation.



George H. Mead, president of
the Mead Corp., Dayton, Ohio.



H. L. Derby, president, American
Cyanamid & Chemical Company.



Walter C. Teagle, Chm. Board of
Directors, Standard Oil of N. J.

These are the employer representatives who have been most active in the work of the National War Labor Board. Along with labor and public members, they sit on panels and sift facts in dispute between companies and unions; they make recommendations for the settlement of disputes; and, often as a minority, they render decisions on labor relations issues which come before the nation's highest labor relations tribunal for adjudication. Walter C. Teagle, after a year and a half of continuous service recently resigned. H. B. Horton, who has been serving as an alternate employer member, was appointed in his place.

opened the floodgates to union demands for closed shops, union shops, preferential shops, and all the known forms of "union security." The Bethlehem award became a citation in practically every union brief before the board and, subsequently, wrecked the board.

A month later, unable to stall off any longer the consequences of its decision, the board was called on to formulate recommendations in a case where a strike was threatened over the exclusive issue of a union's demand for the union shop. A majority of the board was prepared to underwrite the union's demand for security, but they could not bring themselves to repeat the Bethlehem performance. Instead, under the inspiration of Chairman Davis, they offered what he had devised to settle the North American dispute: a compromise between simple union recognition and the union shop. It was called "maintenance of membership" and the board recommended to the company in the case, Federal Shipbuilding & Dry Dock, a contract clause with the C.I.O. which provided that "any employee who is now a member of the union, or who hereafter voluntarily becomes a member during the life of this agreement, shall, as a condition of continued employment, maintain membership in the union in good standing." Of the panel of three which heard the Federal case, this recommendation was signed by the public and the labor members. The employer representative on the panel, Charles E. Adams, chairman of the Air Reduction Co., dissented.

Maintenance of Membership Defined

Maintenance of membership was more than an attempt to find a compromise in the bitterly contested issue of union security. It was a theory of maintaining the labor relations status quo which rested, not on employer-union relationships, but on the union or nonunion affiliation of the individual worker. However, while the status of the union member was frozen, the nonmember was left free to change his status. This arrangement was defended by its exponents on the ground that, if a worker became a union member, it was because he was aware of and accepted the obligation of remaining one.*

Supported by an indignant and vocal section of American business, Federal Shipbuilding & Dry Dock Co. rejected the union maintenance recommendation. The union struck. Under emergency powers, the President

* Wide discussion of NWLB decisions have given "maintenance of membership" a place in labor relations jargon along with the older, more familiar shorthand terms like "open shop," "closed shop," "union shop," and "preferential shop."

Under a maintenance of membership contract a worker is left free to remain out of the union and still retain his job. The open shop, though it has often identified a plant in which union membership was not permitted or in which a union was not recognized, is more properly applied to an arrangement under which union membership is immaterial as an employment factor. In an open shop a worker may or may not be a union member. In either case, his employment status will not be affected. The closed shop, on the other hand, provides that not only must every employee be a union man, but the employer must hire only union members when he takes on new hands.

Between these two extremes are the union shop and the preferential shop. The former does not abridge the employer's right to hire whom he chooses but it makes union membership mandatory for every man in the plant and for every new employee after a waiting period which usually lasts from 10 to 90 days. The latter rests on a commitment from the employer that he will give preference in hiring and in promotion to union members and that, if lay-offs are necessary, other things being equal, unionists will be the last to be fired.

ordered the Federal properties seized, displaced private management, and commanded the Navy to run the yard "in the interests of the national defense." Mediation, so far as employers were concerned, had become compulsory arbitration.

Lewis Wrecks Mediation Board

Three months later, the dispute over the union shop between Lewis' Miners Union and steel-company owned coal mines came before the board. Lewis wanted what NDMB had got for A.F.L. metal trades unions in Bethlehem Shipbuilding. He spurned a compromise offer of maintenance of membership, struck, induced a union boycott of the board which broke its back, and got his union shop from a Roosevelt-appointed super-arbitration panel on the same day that the bombs crashing on Pearl Harbor, opened a new chapter in American history.

The attack of John Lewis had paralyzed the Mediation Board in November when its labor members resigned and C.I.O. unions refused to appear before it. For almost two months it floundered helplessly in an interregnum during which labor relations were anarchic and unsupervised by government. By January, the gravity of war induced the President to convoke a union-management conference chairmanned by Davis, who had been NDMB's guiding spirit. Out of this conference—and some Presidential dictation—came the National War Labor Board, a Supreme Court of labor relations in wartime.

All these happenings in high places might have seemed remote to the individual employer, but it soon became evident that employee relations throughout all industry were going to be affected.

National War Labor Board Takes Over

Like its progenitor, NDMB, the National War Labor Board was a tripartite body on which four union representatives balanced four employer members, and the real power was held by four public representatives. And not only did the pro-labor attitudes of the public members slant the board in favor of unions but circumstances put the employer group at a further disadvantage.

Labor quickly appraised NWLB as its most strategic front. A.F.L. and C.I.O. joined forces to keep it under constant pressure and surveillance; they arranged for a common "line" on board questions, and maintained a continuity of personnel on board panels and at board meetings. Employers, on the other hand, were not organized for such action. Their business responsibilities took them in and out of Washington at a moment's notice. Unlike the labor group, made up of full-time professional union leaders, alternates sitting for employer members had little insight into what had gone before, and little opportunity to work out policies with other industrialists who had sat in other cases.

Roger Lapham, chairman of the American-Hawaiian Steamship Co., who was an employer member on NDMB and who, as an employer member of NWLB, has spent more time on board work than any other industry representative, summed up the problem faced by the board's business spokesman in a memorandum which he ad-



A new problem for labor: Will he see it as a statement of responsibilities, while reading it as a bill of rights?

dressed to regular and associate employer members of NWLB.

He wrote, "I am increasingly impressed with the grave responsibilities placed on the men representing the business side of the table. At best we face, and are facing, a terribly difficult task, made even more difficult because we are a group of men—some meeting each other for the first time—representing different viewpoints, different sections of the country, different industries and with different degrees of training in employer-employee relations."

Employers Bear Heavy Responsibility

The seriousness of the employer members' responsibilities was heavily underscored when it became apparent that NWLB had become a Supreme Court practicing compulsory arbitration with no appeal from its awards. Its decisions and dicta not only decided cases before it but set standards which, to all intents and purposes, became common law for wartime employee relations. Its wage theories, union security awards, and rulings on questions important to every employer in the country, such as pay rates for Sunday and holiday work, bonuses for second and third shifts, equal pay for female labor, North-South wage differentials, etc., set national patterns.

On the crucial union security question, which immediately became the paramount issue in labor relations, the employer members of NWLB were soon involved in a dilemma. The public-labor majority dispensed maintenance of membership awards in practically every important dispute before the board in which union security was an issue. By mid-May, it had become such an established practice that Chairman Davis, in a Boston speech, said that the union security question had been

disposed of with acceptance of the maintenance of membership principle (BW—May23'42,p.15). His announcement proved to be somewhat premature, but it was an illustration of the thinking that employer board members were up against.

Thus far, the employer representatives on the board had consistently dissented from the majority in all union maintenance awards. But it was obvious that their stand on principle" was not impressing their public and labor associates. They had the choice of either maintaining their uncompromising position—and being without influence on union security issues which came before the board—or bargaining for as much as could be got to make

union security awards milder. For such bargaining they held one trump. The public members of the board were prepared to make some concessions in order to get NWLB directives signed by employer representatives instead of being embarrassed by repeated dissents.

"15-Day Escape Clause" Won

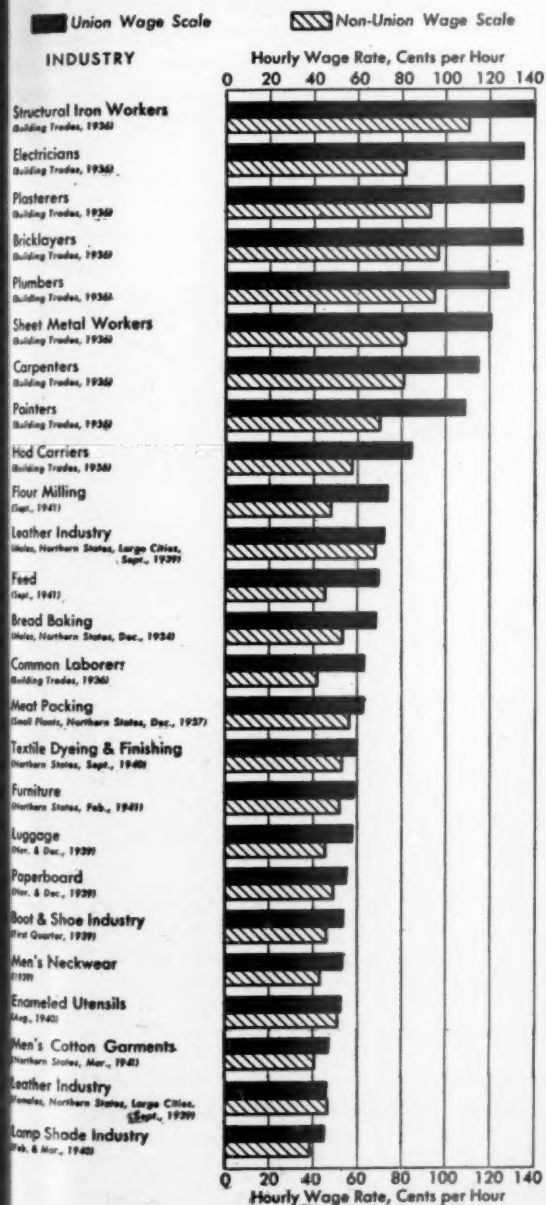
Although the employer members could not offer enough to achieve a fundamental change in public members' attitudes, the problem of the board's public relations did give them some latitude in which to bargain. In June, 1942, therefore, three maintenance of membership orders bore the signature of three of the employer members and alternates—Lapham, George Mead and R. R. Deupree. But these union security awards differed from any that the board had written before.

They provided what has come to be known as a "15-day escape clause." Under it, an employee was granted 15 days time in which he could withdraw from the union before membership maintenance went into effect. Lapham, Deupree, and Mead had whittled down the board's standard union maintenance formula in return for their signature on the board orders. The three employers who dissented in these cases, H. B. Horton, Harry L. Derby, and E. J. McMillan, felt that it was more important to maintain disapproval than to win small concessions.

But the Lapham-led group on the board did not consider that they had committed themselves to support any or all union security awards which provided a 15-day escape clause. Having established a precedent, they returned to opposition and bargained for more. In the Caterpillar Tractor Co. case, decided in July by a union maintenance award which contained the escape clause, Lapham and Mead were back joining Horton and Mc-

THE UNIONS PLAY THIS UP—

Available official data on union vs. non-union wage scales show important differentials which are used as union-joining incentives



This is all the information there is in government files comparing union and non-union wages for any reasonably recent date—a comparison of which the unions make much in their propaganda. Using these government wage survey figures, they can point out that, except for one study covering women workers in a section of the leather industry, all the official data reveal wage differentials in favor of unionized labor.

But it should also be pointed out that the data used in the available samples are fragmentary and dated, that the list of industries covered by such surveys is highly miscellaneous, and that other factors than organizational status enter into the comparisons—in some industries the unorganized shops are the small, marginal ones; in some, the union plants are largely clustered in regions that are traditionally higher-pay than those in which nonunion shops are most frequent. While it is generally acknowledged that union employment will pay more than non-union in almost any cross-section of industry, differentials between plant and plant and between firm and firm are not, by any means, always favorable to "organized" jobs.

In their organizing campaigns, unions emphasize the "favorable balance of wages." But where a nonunion plant has a higher pay scale, the wage issue is soft-pedaled and union propaganda centers around other issues.

Millan in a dissent (BW—Jul.11'42,p78). The Lapham dissenting opinion outlined further concessions which the employer members demanded before signing a maintenance order. Clarified and expanded, these demands were reiterated in the Little Steel case in which the four employers again found themselves a solid minority on the union security question.

What Management Wants

The conditions the industry representatives on NWLB demanded as preliminary to a maintenance of membership grant were as follows:

The union, on or before the effective date of the collective agreements, shall file with NWLB a copy of its constitution and bylaws, and a list of its present officers, and shall agree that during the lives of the collective agreements:

(a) It will file with the board from time to time, and as promptly as circumstances will permit, notice of any changes in its constitution and bylaws, changes in official personnel of the union, or changes in its dues or initiation fees;

(b) It will file with the board semi-annually, a financial statement in such detail as the board may require.

The reports supplied under paragraphs (a) and (b) shall become public records. They shall be subject to inspection by any member of the union, by the employer who is a party to a labor dispute with said union certified to this board, and, under rules to be prescribed by the board, by any other person, including officers or agents of the federal government.

There shall also be incorporated in the collective agreements, an undertaking by the union that it will not during life of the agreement make, assume, guarantee, repay, or participate in any contribution, subscription, pledge, or other financial obligation to any political party or candidate for public office.

Although the employer members on NWLB hold no designated authority from American industry, because American industry has never organized to match the labor movement, they come as close as possible to being official business representatives on the government's highest labor court. Therefore, the qualifications that they have set for union acceptance are being taken as the sine qua non of management insofar as it can exercise free will in dealing with organized labor.

The fight here is not for the open shop as such, but for a more accountable unionism which will permit departures from the open-shop without licensing abuses that many employers feel are dangerous to industry, the public interest, and democratic institutions.

To Make Unions More Acceptable

Three main developments will make organized labor more acceptable to employers and open the way for a more sympathetic consideration of union security demands. None of them will undermine the really essential rights and functions of bona fide unionism.

The first of them is irrevocable assurance that the civil and democratic rights of union members will not be abridged by dictatorial-minded union bosses. Much union speech-making has addressed itself to the need that workers feel for having some power to oppose against the power of their employer. And this is not for economic reasons alone.

There are psychological considerations which promote

the growth of unionism. Men want a kind of industrial citizenship, an enfranchisement which will give them a measure of decision over anything as important in their lives as their relation with their employers. Political democracy has whetted the appetite for what is sometimes called industrial democracy.

Most employers appreciate this fact but cannot square its implications with the kind of demagoguery practiced by some union czars by which workers are drawn into unions in the hope of achieving industrial citizenship only to find less democratic control of union affairs than of the employment relations they seek to democratize. Some union officials reign over labor baronies with more feudal absolutism than industry has been able to match for generations. Moreover, they are always able to strengthen their power by systematic misrepresentation of management's position. For, with the passage of the Wagner Act, the employer lost his right to speak directly to his workers in presenting his viewpoint on issues vital to both sides in this labor-management relationship. Under the Wagner Act, that right is now practically a union monopoly—subject to abuse by any politically-motivated union leader—and its loss constitutes one of management's most potent grievances.

Public Scrutiny and No Politics

Public filing of its constitution and bylaws will open a union's provision for internal democracy to public scrutiny. Its charter for protecting the rights of its members can be appraised. And the rights that a union guarantees individual members can be better protected if the actions of union leaders can be made to square with the constitutions from which they derive their powers.

Most union constitutions and bylaws are available now to anyone who has a legitimate interest in them. In most cases, it is not difficult for an employer to get a copy of these documents. But filing them officially with a government agency would be an important symbolic gesture and could be the starting point for calling on unions to abide by their provisions. In England, no union may hold property unless it becomes a "registered association," which means that its constitution and laws are filed with a government agency and that it must live up to them. The English Trade-Union Registration Act has been law since 1871 and British unions have not found themselves handicapped by it.

The second change that employers ask from unions is a diminution of their political activities. Business is afraid of labor's growing influence in government. It feels that, not only has bargaining strength been equalized, but labor is on its way toward making a mock of bargaining by having so much power that it can dictate its own terms in collective negotiations. Business believes that this is an unfair advantage which labor derives from its political strength. Business is not unwilling that labor should hold its job interests, but it considers the outposts that labor has planted in the surrounding terrain of politics, both dangerous and unnecessary. The last paragraph in the Lapham opinion in the Little Steel case is an effort to confine union activity to the economic sphere where, management believes, it rightfully belongs.

The third and most important condition that business asks labor to meet is responsibility. Management wants assurance that, once it has bound itself in an agreement with a union, the union will live up to its side of the bargain. It wants to be certain that a union contract will not be just another battle station over which new arguments will rage, but that an agreement means "agreement" and will be interpreted as such in both letter and spirit. It wants to know, first of all, who are the responsible leaders of the labor organization with which it deals. It wants to know the financial position of the organization. It wants labor to consider its commitments to management solemn, binding contracts which will be adhered to by every man they cover.

Action Against Contract-Breakers

The employer who deals with a union which has violated its contract pledges has uncertain legal recourses. The law of union agreements is not statutory. It is the common law which has been made by the courts. Courts have held that, in general, "valid" agreements are enforceable. The fact that a union is an unincorporated association presents no important legal barriers, for the methods whereby the contracting parties may sue and be sued are now well established. But courts differ widely on what constitutes a "valid" agreement.

In spite of the fact that judicial remedies may be avail-

able to employers, in both damage suits and injunctive action, relatively few employers have ever gone to law over breached agreements. According to one close student of the problem, Professor F. C. Pierson of Swarthmore, whose book, "Collective Bargaining Systems" is a publication of the American Council on Public Affairs, the infrequency of legal action to secure observance of the terms of agreements "suggests that disputes regarding the application and interpretation of union agreements do not lend themselves to court adjudication. The issues involved are frequently too technical, the time element too important, and the cost of legal action too great to recommend resort to the courts." Pierson also points out that the fear of retaliation may inhibit some employers against such action.

Actually, however, management is not looking for legal redress. It wants a labor contract to be primarily an observed, and only secondarily an enforceable, undertaking. Unauthorized strikes, slowdowns, wildcat stoppages, the inability of the men who negotiate an agreement to get it adhered to by their rank-and-file are the black pages in labor's record that account for much of management's unwillingness to find a *modus vivendi* with union leaders.

Employers have an opportunity to make unionism more responsible. Some of them have made use of it. They themselves have been able to help strengthen the hand of union leaders in discouraging rank-and-file anarchy.



Reasons why workers join unions classify as good, bad, and indifferent. One reason that may be sufficient for men like these lined up for jobs at a new Army camp is

that a union membership—and fee—can be required for employment on some government construction projects. It's a reason that reflects labor's power in Washington.

But it requires an "acceptance" of unionism which few employers have been prepared to tender. The honest union official is always embarrassed by a wildcat strike. He knows that the next time he comes in to negotiate with the employer he will be charged with breaking faith, and he won't be able to make as good a "deal." He wants just as scrupulous an observance of the contract as the employer.

But when that union official gets into trouble because his members take the law into their own hands, the employer is tempted to relish the spectacle and to be reluctant to cooperate with the union official in whipping recalcitrant elements into line. Many employers have felt that if they take a stand with the union leader and help him discipline impetuous employees they are strengthening the union to their own disadvantage.

Strength for Responsibility

Yet most employers who have had an opportunity to work with both prefer a strong union to a weak one. Given the necessity for having to treat with a labor organization, they want one that is stable, responsible, and has a disciplined membership. These requirements are the irreducible minimum for any relationship beyond the formal recognition of unionism that the law demands.

Despite the phenomenal extension of collective bargaining in many important industries, almost three-quarters of American wage and salary workers are not members of unions or covered by collective labor agreements, according to the monumental study "How Collective Bargaining Works" recently issued by the Twentieth Century Fund. Most of these unorganized millions are employed in wholesale and retail establishments, in financial fields and service trades, in government jobs and in agriculture. They have not yet been exposed to concentrated union proselytizing.

What's Ahead

Funneling manpower into war industries will, however, send many distributive and service trades workers into union-blanketed employment, and active labor unions are now organizing in public and farm employment. The next few years are very likely to bring a substantial growth in union membership. Government agencies may not assist organizing campaigns as positively as they have in the past, but the wartime necessity for industrial peace is being used by government to stifle employer opposition to unionism; so the net result will be the same.

We have not yet had a glimpse of any final government policy on wages and union security. Current formulas have been dictated by considerations of expediency. They will survive only so long as they continue to be expedient. The maintenance of membership compromise between the open and union shop already shows signs of limited usefulness. A year hence, when maintenance contracts expire, unions will appear before government tribunals demanding new "advances." Will there be another compromise down the middle of the narrow margin between membership maintenance and the union shop or will the National War Labor Board or its suc-

A Historic Decade In Labor Relations

1933

MARCH—Unemployment reaches nearly 15,000,000.
Franklin D. Roosevelt inaugurated as President

JUNE—National Industrial Recovery Act passed

1934

JULY—The San Francisco General Strike

SEPTEMBER—Textiles: the first nation-wide strike

1935

JUNE—Social Security Act passed

JULY—National Labor Relations (Wagner) Act passed

NOVEMBER—C.I.O. established

1936

JANUARY—The first sitdown strike; Goodyear in Akron

SEPTEMBER—C.I.O. unions suspended by the A.F.L.

1937

FEBRUARY—44-day sitdown strike in General Motors ends with C.I.O. recognition

MARCH—U. S. Steel signs a contract with C.I.O.

APRIL—U. S. Supreme Court holds Wagner Act constitutional
30-day strike at Chrysler ends with C.I.O. recognition

MAY—C.I.O. strikes Little Steel

1938

APRIL—Fisher Body plant in Flint closed by first large-scale dues picketing

JUNE—Wage-Hour Act passed

1939

FEBRUARY—U. S. Supreme Court in Fansteel case outlaws sitdown strikes

1940

MAY—Sidney Hillman, a C.I.O. union president, named to National Defense Advisory Council

1941

MARCH—National Defense Mediation Board created

JUNE—Troops end strike at North American Aviation; NDMB awards union first "maintenance of membership" contract

NDMB grants unions closed shop in Bethlehem Shipbuilding

JULY—Ford gives the C.I.O. a union shop, check-off contract

AUGUST—Federal Shipbuilding & Dry Dock seized by Navy because an NDMB maintenance of membership award is rejected

DECEMBER—War declared

1942

JANUARY—National War Labor Board created

MARCH—Labor-management plant production committees launched

APRIL—War Manpower Commission formed

JULY—NWLB announces wage stabilization formula in Little Steel case

SEPTEMBER—President promises national wage stabilization

era of bitter union-management battles which have been deferred through government intervention. To prevent such battles NWLB or its successor may become a permanent agency. Government will not readily withdraw from its position as arbiter of labor relations.

Plant Committees to Survive

Labor-management plant committees, dealing with production, efficiency, salvage, and kindred problems, will almost surely survive the war. Not perhaps on as wide a scale as they have been established by WPB promotion now, but in situations where they have worked well they won't be abandoned. They were coming anyway; the war just accelerated their introduction.

Labor-management plant committees testify to the enlarging area of collective bargaining. More and more, business and industrial problems which have traditionally been regarded as purely management concerns are coming to be the subject matter for employer-employee discussions. There is nothing in sight which suggests that this trend will soon be reversed.

Employers' Associations Coming

Another development, which close students of labor relations regard as inevitable, is the formation of industry-wide, union-paralleling employers' associations for collective bargaining purposes. Individual employers have been whipsawed by unions which jack up standards in competitive plants, then go to work on them to get something more, then go back to other firms to match that, and so on. Such a disequilibrium has proved costly and impractical in many industries and there is a growing conviction among employers that industry-wide collective bargaining is the answer. One thing which has held it back up to now is the half-and-half character of many industries in which unions are entrenched in some companies, unknown in others. In thoroughly unionized industries, such as men's and women's clothing, printing, and railroading, employer collective bargaining associations have had a long history.

The war interrupted an increasingly close study by American management of industry-wide collective bargaining through employers' associations in Britain and the Scandinavian countries. Three important U.S. employers were members of a special commission which visited England and Sweden in 1938, and they brought back a detailed report on how employers' associations worked. Plans to do something on the basis of their findings were sidetracked by war. But there is a revival of interest in industry circles in European experience and talk of adapting some of it to fit the American scene. The war, which was responsible for deferring action before, may now provide an incentive for employer organization.

The outstanding fact in this whole record is that, with the passage of the Wagner Act, management lost the initiative in employer-employee relations. Ever since then, it has been fighting a defensive, rear-guard action. And for the most part, American management no longer expects that there will be a return to the "good old days" when labor affairs were simple, untroubled, and a matter for unchallenged managerial decision.

This account of why workers join unions, how unions work, and how they have achieved so much political and economic power may make unpalatable reading for many employers.

The case history of no disease or social malaise makes pleasant reading. But any therapy which has curative possibilities is the result of a diagnosis—and a diagnosis rests on a study and an analysis of symptoms. Employers who are looking for a prescription for more satisfactory—or at least more workable—labor relations may find in this case history the facts necessary for diagnosing their particular labor problems. They will, furthermore, have the evidence for appraising the extent and nature of the government's interest and influence in employee relations. And that is perhaps the most important single factor with which they have to deal.

A Basis of Stability

Given such a background of understanding, the employer of today should be better able to take a realistic view of what he's up against; should be better set to anticipate and prepare for whatever new developments may lie ahead.

What intelligent management wants now is a life-sized place in that industrial democracy that the unions talk about so much. At this point management feels that it is being ridden over roughshod in labor affairs by the combined forces of unionism and government.

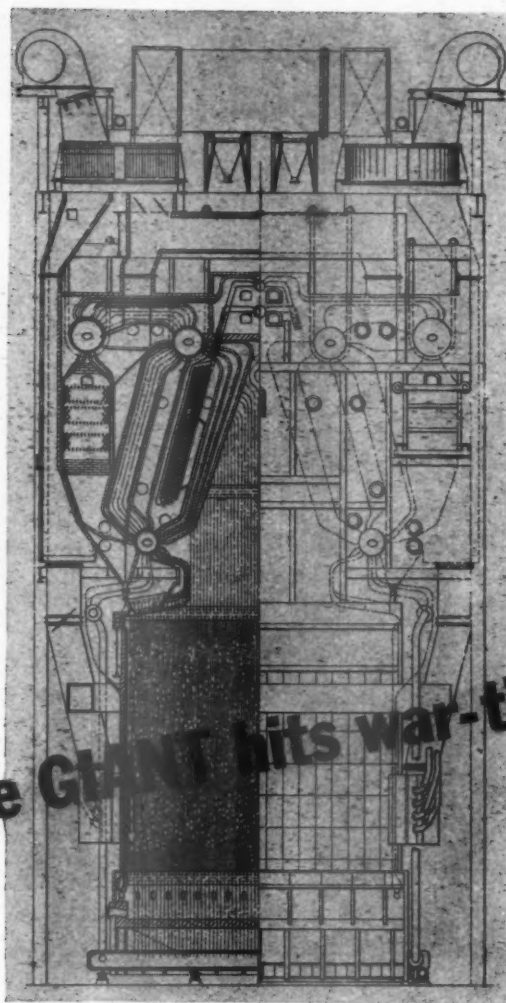
But intelligent management is not animated by an urge to redress wrongs to which it believes it has been subjected; neither is it dominated by any resentful desire to "get even." Above everything else it wants to establish a stable basis for labor relations that will enable industry to recapture that efficiency of operation which underwrote its promise to deliver to the American people ever more and more for less and less. For that efficiency has been appreciably undermined by the chaotic labor conditions of recent years.

Finally, intelligent management wants to put management back in the labor-management equation because it is convinced that anything one-sided and special-privileged is bound to be bad business for employers, employees, and the American way of life.

REPRINTS AVAILABLE

"Management Looks at the Labor Problem" is one of a series of special Reports to Executives on current events, opportunities, problems, and trends of major significance to business. It is covered under the general copyright on the September 26, 1942, issue of Business Week. Copies will be available in reprint form. Single copies will be mailed to Business Week readers upon request without charge. Additional copies will be billed at the rate of 20¢ apiece. On orders of 11 or more, quantity prices will be quoted on request. Requests for reprints should be addressed to:

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FINANCE

SEC Goes to War

No respite for holding companies; Niagara Hudson Power and Cities Service are targets of latest squeeze play.

Unchecked by economic upheaval, total war, or pending court challenges, the New Deal's battle to erase or render impotent the utility holding company structure goes on. The Securities and Exchange Commission is going to town on financial simplifications.

• **Links to Go**—On successive days, SEC invoked Sec. 11(b)(2) of the holding company law against the half-billion-dollar collection of companies under the wing of Niagara Hudson Power Corp. and against Cities Service Co., already receiving the 11(b)(1) geographical disintegration treatment.

Now comes an order from SEC insisting that United Corp., once granddaddy holding company that pooled many of the so-called Morgan and Bonbright properties, dissolve and simplify to a single issue of capital stock. The company, which undertook to change over from holding company to investment trust after passage of the holding company law back in 1935, immediately countered with its own "voluntary" plan for compliance with the law.

• **Voting Power Question**—The corporation argues that, since it is undertaking to remove itself effectively from the holding company realm under this plan,

the commission should O.K. its plan. It is logical to assume that these companies eventually will be ordered to shuffle their financial structures as others have been required to do—to eliminate intermediate companies and reorganize the top concerns into all common-stock corporations.

• **Pattern for Shakeup**—This is the measuring stick SEC used against Commonwealth & Southern Corp. whose appeal has been pending since last spring (BW—Jun. 20 '42, p. 75) and against Middle West Corp., which was ordered to dissolve either Central & Southwest Utilities Co. or American Public Service Co., intermediate links in the chain, and recapitalize the other to a single security issue.

From its "evacuation headquarters" in Philadelphia, SEC is proceeding deliberately with its revolution to doom the holding company. The reason is twofold.

• **Aloof to Court Cases**—First, SEC ignores the Commonwealth & Southern and other pending court cases (chief among them being North American's appeal of a geographical breakup order to divest itself of all property except the core of its Union Electric system in St. Louis). Either the commission is confident of the rightness of its course or quietly expects the Supreme Court to ride along with the New Deal's basic utility reform.

Second, the war, in SEC's opinion, emphasizes rather than lessens the need for completing the job started seven years ago with passage of the holding company law. As recently as the American Bar Assn. convention a fortnight



When General Electric's president, C. E. Wilson went to Washington (page 14), the company recalled



Gerard Swope (left) and Owen D. Young, president and chairman, respectively, until their retirement.

ago, Commissioner Robert E. Healy re-enunciated the SEC's intention of strict enforcement on the ground that unsound utility financing is even worse in wartime than in normal times.

• **Same Goal, Different Path**—The war has altered SEC's path if it hasn't altered the objectives. Until the C. & S. all-common-stock order, the SEC was emphasizing the law's geographical breakup provisions and ordering companies to divest themselves of all their properties except a single tightly-knit operating system. Now the finger is aimed at recapitalization and corporate simplification.

The reason isn't hard to find. Under the narrowest possible construction of the geographical limitations of Section 11, divestiture meant sales of utilities to local investors or municipalities for the most part—and the market just isn't there. After a few lonesome efforts at such sales, Commissioner Edmund Burke, Jr., formally proclaimed the commission's shift by saying that SEC didn't intend to permit a flood of sales of operating properties on the market.

• **Apples for Slices**—But SEC's financial simplification is designed to lead to the same end result. Once C. & S. has been recapitalized to a single security basis, the commission believes it will be easy to put over the geographical breakup by directing that, as they say at SEC, the "tickets be passed around." In other words, the investor who now owns securities in a holding company won't buy new securities in an operating company to retire his holding company investment. But, when his investment becomes all apples instead of apples and pears and peaches—common, preferred, and bonds—he will then be willing to trade them for slices of operating company apples.

• **Operating Companies, Too**—That's the long-range application of the corporate simplification provisions of Section 11: to achieve the geographical simplification blocked by market conditions. More immediate is SEC's insistence that financial correctives are needed now more than ever so that utilities can throw off the yoke of top-heavy fixed charges in this period of dwindling net and perhaps thus escape the sheriff. On these grounds SEC gets into the affairs of the operating companies as well as the holding companies. The commission already has formally stretched its jurisdiction into the operating company field through its Jacksonville Gas Co. opinion, where it asserted a limited right to influence recapitalization where voting inequalities can be alleged.

• **No Guard Against Sheriff**—Utility executives, however, do not agree that SEC's correctives, which reduce fixed-charge capital, will necessarily keep the sheriff from the door. Their case was expressed by Preston Arkwright, president of Georgia Power Co., who gave

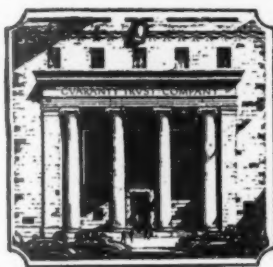
the facts of his company's SEC-influenced recapitalization to the Senate Finance Committee during the hearings on the pending war tax measure.

In its March, 1941, refinancing, Georgia Power, at SEC's insistence, effected a \$2,355,127 annual saving in fixed charges and floated an eight-year liquidating bank note requiring roughly \$1,600,000 annual servicing in place of some of the retired bonds. Under the House-approved tax legislation, Georgia Power loses its savings in fixed charges as a tax deduction and when it calculates its 1942 liability to the Treasury, instead of having the bank note covered nearly one and one-half times, the note will be only about 60% covered.



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THE MARKETS

Wall Street gave a sardonic chuckle this week when the Federal Deposit Insurance Corp.'s annual report commented unhappily on the dilution of bank capital. For some time now, the Treasury has carefully softpedaled talk of capital ratios. Under the circumstances, FDIC's solemn remarks are likely to embarrass Secretary Morgenthau.

• **What's in Sight**—The fact is that nobody expects the hallowed one-to-ten ratio of capital to deposits to survive the pressure of war financing. Unless the Treasury changes its program completely, commercial banks will have to carry most of the load of government borrowing. Already they are taking up anywhere from \$1,500,000,000 to \$3,000,000,000 a month in new government securities. By June, 1943, they will hold at least \$49,000,000,000 worth of governments, roughly twice what they had last June.

It doesn't take complicated arithmetic to show that unless capital increases proportionately the ratios will shrink. And for most banks there isn't any possible way of building up capital at anything like the rate that deposits are growing.

• **Bank Stocks in Cellar**—This year's market for bank stocks is close to being the worst on record. Last April the American Banker index of New York City bank stocks dropped to a bottom that was even lower than the floor it hit during the catastrophes of 1932 and 1933. Since then, things have picked up a little, but there still isn't a chance that that battered market will absorb any volume of new flotations.

In the long run, banks can build up capital by ploughing back earnings, but this is a slow and painful process. With taxes and expenses shooting upward, most banks think they will be lucky if their profits are sufficient next year

to give stockholders regular dividends.

• **Reconciled to the Facts**—None of this is news either to bankers or to the Treasury. By now, both are pretty well reconciled to a steadily declining ratio of capital to deposits. Last June member banks of the Federal Reserve System showed a ratio of about 9.2%. In June, 1943, the proportion will likely be down to 7.0%.

To take out the sting, the Treasury plays up the fact that all of the increase in investments represents purchases of government securities. Commercial loans have been on the downgrade since the beginning of the year. Hence, the rise in deposit liability is offset by a rise in the "riskless" assets which banks hold.

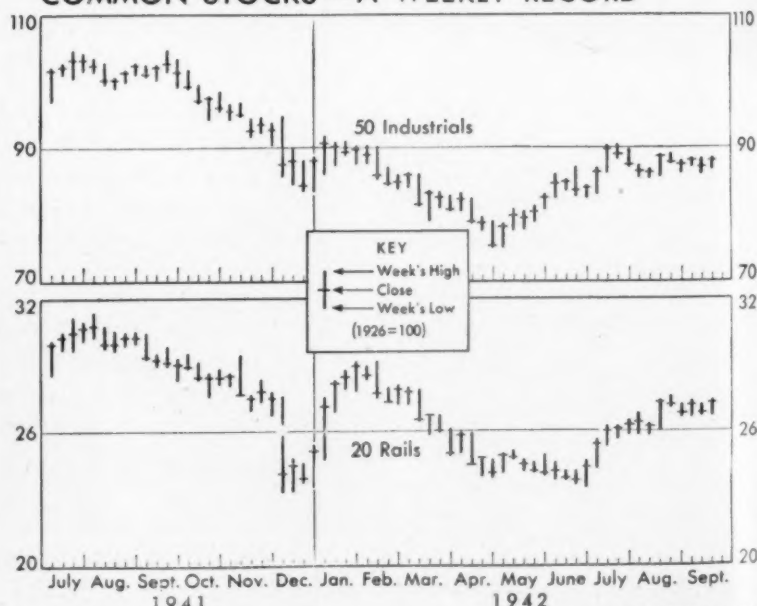
• **Unofficial Pledge**—The Treasury has made an unofficial pledge to protect purchasers of its bonds from loss through market fluctuations. Therefore, the banks can count on cashing their governments for full value whenever they need money. This gives their deposits protection even when the margin of capital shrinks. To make theory jibe with practice, bankers now stress the ratio of capital to assets at risk instead of the old capital-deposit ratio.

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial ...	88.0	87.1	87.8	102.7
Railroad	27.3	26.8	27.2	29.2
Utility	30.7	30.5	30.3	44.5
Bonds				
Industrial ...	109.6	109.9	108.8	105.3
Railroad	86.8	86.2	85.5	83.7
Utility	106.3	105.8	104.4	107.0
U. S. Govt. ...	110.1	110.2	110.5	111.2

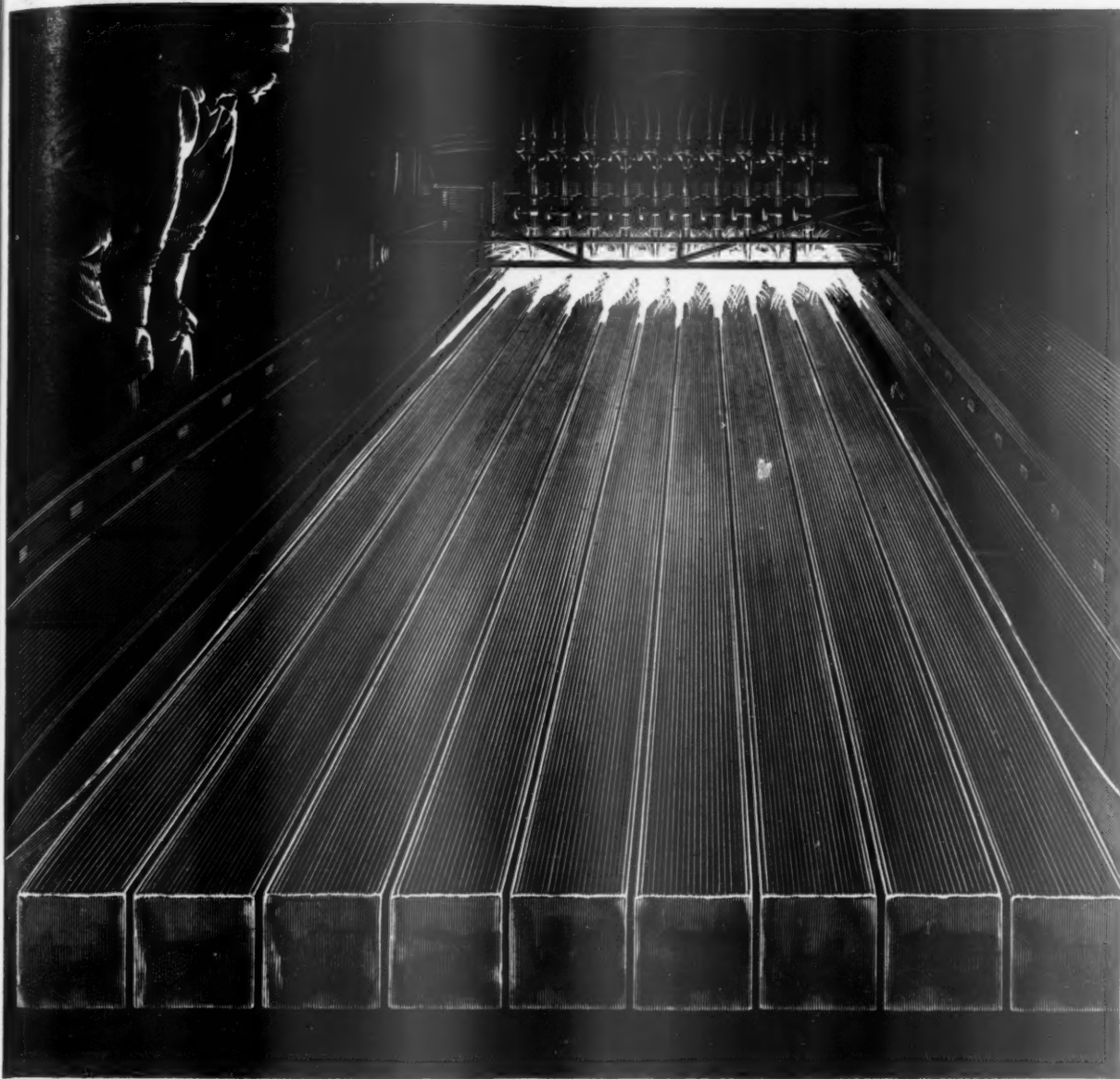
Data: Standard & Poor's Corp. except for government bonds which are from the Federal Reserve Bank of New York.

COMMON STOCKS — A WEEKLY RECORD



Data: Standard & Poor's Corp.

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- the basis of the method and how it compares with other types of testing
- principles, methods, and examples of test design and operation
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BUSINESS ABROAD

Hemisphere Aid

Even as we build for our own forces and to equip our allies, U. S. is fostering new industries in Latin America.

Grim reports this week of hand-to-hand struggles in the blood-soaked streets of Stalingrad attracted justifiable public interest for their heroics. But for the American business man, they were a fresh sign of new production efforts which must be made at home this winter. For Stalingrad—however long the Russians can hold it—is no longer anything more than a smoldering ruin. The Soviets have already lost another great industrial supply base as well as control over their greatest river highway—the Volga.

Not all of the implications of the bitter battle of the Volga are gloomy, of course. Hitler is behind schedule. Dreams of a quick August victory which would have allowed time for a continuing drive up the Volga to knock out the great harvester-combine and ball bearing factories at Saratov, the huge flour mills and sprawling machine shops at Samara, and the back door approaches to Moscow may have to be abandoned until next year.

Bad Weather, But—

The rains have already come in the north. Great mud holes block roads in the Leningrad area, and in another eight weeks the snow will be flying around Moscow. But there is plenty of time for a drive down the Volga to Astrakhan and down the Caspian to Baku before winter grips these southern regions.

Moscow cagily refuses to reveal how successful the Soviets have been in building new armament plants east of the Urals, or how far they have replaced the production of the Ukraine in regions far from Nazi bombers. But those who know the Soviet Union recall that half of the Ukraine's heavy industries were at Kharkov, that Krivoy Rog and Kharkov (with Moscow) provided nearly 60% of Russia's steel in 1939, and that more than 80% of Russia's oil comes from the Baku fields in the Caucasus.

Though Stalin can carry on even if he loses all these vital supply bases, he will hardly have the materials to stage a big-scale offensive in the east next year unless the United Nations can supplement decimated Soviet war material output. If Astrakhan falls and the supply route from the Caucasus to

northern Russia is closed, Moscow will even find it necessary to rely on the United States for supplementary supplies of oil.

It is plain now that Washington is aware of these new supply problems, and that this is responsible not only for the goodwill visit of Wendell Willkie to Moscow and Chungking but also for the revamping of the War Production Board (page 14) and the planned step-up in the armed forces from 6,000,000 to 10,000,000.

Thus the new supply demands rapidly piling up in Russia multiply Washington's production problems. Yet other parts of the world are also calling for all kinds of goods. American troops—500,000 of them according to Washington—are now disposed in varying numbers on 32 war fronts. They must have implements of war.

Beyond these varied demands for equipment, the United States is committed to a hemisphere defense program which one day calls for plane deliveries in Brazil, the next for a new steel mill in Peru.

Helping Latin America

Lost in the headlines from Stalingrad, the Solomons, and the dangerous North Atlantic convoy zone are developments in Latin America, many of which, though they make additional demands on this country's already overtaxed industries, will soon be helping to fill local war and civilian needs south of the Rio Grande.

Most spectacular of these to develop in the last few months is the project of the Peruvian government, with the aid of a \$25,000,000 Export-Import Bank loan from the United States, to build a steel mill with an annual capacity of 100,000 tons. This will depend entirely on local supplies of iron ore and coal. H. A. Brassert & Co., of New York, Pittsburgh, Chicago, and London, will build the new industry for the Peruvians.

It is a bold move on the part of Washington to carry out its promise that, even during the critical days of the war, it will help build Latin America into a strong economic and defensive unit.

Peru, with an area almost three times the size of Texas and a population of only a little more than 5,000,000, has been hindered in its economic development by the lack of local industries and the difficulty of communication across the Andes which divide the arid Pacific coast of the country from the lush hinterland along the upper stretches of the Amazon.

Many Metals Exploited

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into action

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Women soldiers on the U. S. production front are no longer a novelty. As in the other United Nations, the girls of America have definitely proven they can efficiently fill gaps in production lines—can substantially help maintain the flow of vital war goods to the battle fronts.

In their new tasks, our women workers have been greatly aided by the use of many thousands of Delta low-cost machine tools—drill presses, grinders, saws and abrasive finishing machines.



Corp. of America, and gold and silver have been mined by hundreds of exploiters since the days of the Spanish explorers. However, large deposits of iron ore about 300 miles south of Lima have never been exploited.

Iron ore, from mines barely ten miles from the Pacific near Puerto Lomas, will be carried by sea to the little port of Chimbote, about 200 miles north of Lima. Here the steel mills will be built to utilize iron ore from the south and coal which already is mined barely 100 miles inland from Chimbote.

Chimbote now is a sleepy little port with a population of barely 1,000. Before the Brassert engineers can begin construction of new docks, mills, coking ovens, and housing facilities, 4,000 workers will have to be assembled from the countryside or from industrial centers far to the south. More than 5,000 men will ultimately be employed in Chimbote—probably by 1945.

So far as is known now, Peru has the largest coal reserves of any South American country, and experts declare the coal is of good enough quality for coking. Some geologists estimate the reserves at 1,000,000,000 tons. Iron ore reserves are now estimated at 10,000,000 tons and are so near the surface they can be exploited by the open-pit method for at least 15 years.

How About Manganese?

No satisfactory deposits of manganese have been discovered in Peru so 1,000 tons must be imported annually when the steel mills begin to operate. Nearest supply base is Cuba or Brazil.

Though most of Peru's Pacific seaboard is arid, there is a fertile river valley stretching inland from Chimbote which is capable of supplying the new steel center with fresh food.

This new industrial project in Peru follows closely the pattern of the much larger steel mill now being built in Brazil with both financial and technical aid from Washington. Brazil has rich deposits of iron ore and manganese but only a poor grade of coal.

Amount of Expansion

Nevertheless, Brazil expects to turn out enough steel to cover its rail needs and part of its building requirements. At the same time, it will provide the country with a pilot plant in which skilled workers can be trained for some later expansion.

No South American country has an important steel industry, though Belgian interests have long operated small mills in Brazil, using coal imported from Europe to smelt rich domestic ores. Bethlehem Steel regularly imports iron ore from northern Chile. And United States interests have recently bought into the small Mexican steel industry and are preparing an important expansion program.

Washington can spare only small numbers of technical advisers and small quantities of machinery for these new hemisphere developments now, but, because they are automatically strengthening the economies of individual countries, the United States is striving to meet these demands as well as the soaring requirements from hard-pressed allies.

CANADA

Crisis in Lumber

New speedup program is adopted as an alternative to a plan that would have placed industry under "Crown company."

OTTAWA—Only a few insiders in Canada's big and well-managed lumber industry realized a few days ago, when war production authorities unfolded a plan for recovering the lag in lumber output, that the industry had just escaped a major threat to its independent existence.

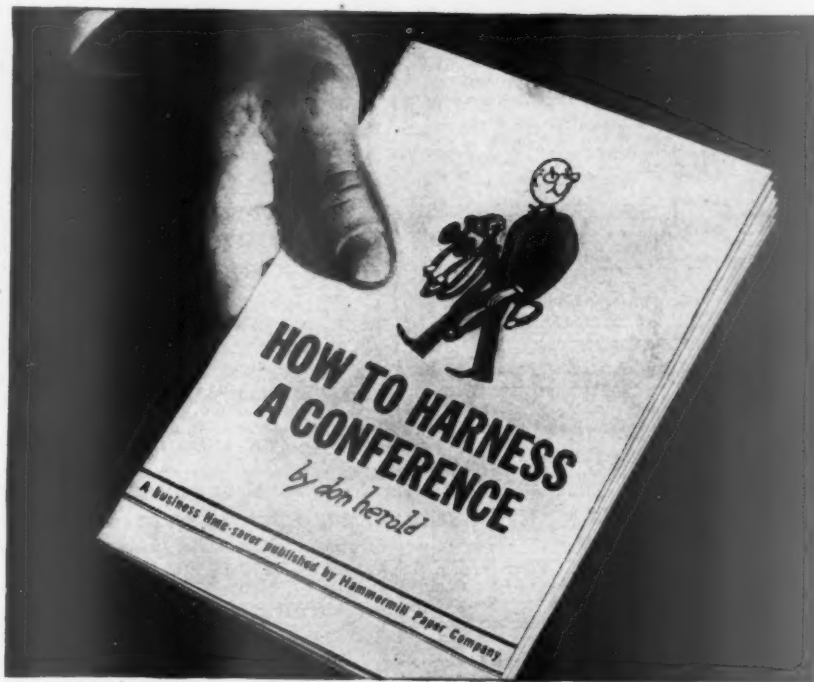
• **A Close Call**—The new speedup program, involving Treasury assistance to operators and dealers in the form of price subsidies, was adopted as an alternative to a proposal, sponsored in Donald Gordon's price control administration, which would have put the Dominion's lumber business or a great part of it under a wartime "Crown company." Lumbermen are convinced a blunder that would have been as disastrous to the Canadian war effort as to the industry itself has been avoided.

The production lag was thrown into the limelight when the United States recently asked for bigger supplies of lumber from Canada. Actually, the lag is due (1) to the loss of lumber workers to better-paid war jobs and (2) to the price-ceiling program, which squeezed most of the profit incentive out of the business.

• **Ebb in Production**—Canada reached an all-time lumber production peak in 1941, with an output of 5,000,000,000 ft. Output in 1940 was 4,629,000,000, and in 1939 was 4,558,000,000. This year production has fallen off badly. Lumbermen believe the speedup program now adopted, if it makes up the labor shortage, will wash out the lag and bring production back to the peak by the end of the year. They admit nothing better than this can be achieved.

Though this still will not cover the soaring United States demand, it puts up to Washington authorities the problem of meeting the situation by more economical use of lumber. Canadian

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The Royal Bank of Canada

Head Office—Montreal

This advertisement is published in the belief that our American Neighbours will be interested in the facts presented. More detailed information is available on request to The Director of Public Information, Ottawa, Canada.

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BOMB PROOF BURROW

With the aid of September's harvest moon, British air raiders are rocking German cities with four-ton "block busters." But London, going to and from work past its own ruined areas, knows that Nazi bombers will be back as soon as they can take time

out from the Russian front. So London rushes deeper and more comfortable air raid caverns. Typical of seven new super-shelters to be ready this fall is one entered by steps leading down from a subway station. These shelters will accommodate 8,500 persons each, or the population of a good-sized town.

observers believe there is plenty of room for such economies below the border. It is pointed out here, for example, that the United States has been using an average of 2,200 ft. of lumber for every man in its armed forces while Canada has managed with 1,100 ft. despite the long and intensely severe Canadian winters.

• **Where the Lumber Goes**—Canada is producing plenty of lumber for its own curtailed requirements and for filling British orders. United States requirements are placed at 7,000,000,000 ft. more than United States production capacity of 34,000,000,000 ft. Last year Canada supplied the United States with 1,250,000,000 ft. A similar volume went to Britain, while 2,250,000,000 ft. were used in Canada and 250,000,000 were supplied to consumers in other countries.

Canadian lumbermen claim their industry operated during the peak production period of 1940-41 without profit. They blame the imposition on their business of an earlier and more rigid price control than on any other industry.

• **Effects of the Freeze**—Lumber prices were frozen a year before the general

price ceiling plan came into operation, and that automatically prevented wage increases to meet the competition of war industries for workers. Last fall, Ottawa promised the industry a price adjustment in April of this year. This encouraged unusual production efforts during last winter, but the promise wasn't kept.

Canadian lumber prices have been between \$4 and \$30 a thousand feet below United States prices. The new production aid plan will ease the price situation by the payment of subsidies through the government's Commodity Prices Stabilization Corp.

NO MORE REFRIGERATORS

There's a rush to buy household electrical equipment in Canada because the canny housewife has suddenly realized that all domestic production of refrigerators, vacuum cleaners, washing machines, and radios will be discontinued on Dec. 31. After that, manufacturers' stocks of all these items will be rationed to distributors for as long as they last.

The change that has taken place in the refrigerator business is typical of

what has happened to the other lines. In 1940, nine companies, most of them subsidiaries of United States companies, were making mechanical refrigerators. Six companies made ice refrigerators. The 1940 output of electrical refrigerators was 54,000. This jumped to 68,000 in 1941. Curtailment started in October last year when production was limited to 75% of 1940 output. On Jan. 1, this was cut to 60%. After Apr. 30, 1942, manufacture was prohibited except by permit to clear up fabricated parts. Under these curtailments, this year's output will be 39,000.

Most of the manufacturers of all these lines are already well booked with war work, and new orders, expected before Dec. 31, will take up the slack caused by the termination of civilian business.

A Real Dimout

To save power, drastic new restrictions are placed on cities of Ontario and Quebec. Gasoline allowance reduced.

Canadians will have many reasons for greater war-consciousness during the season of shortening days and lengthening nights which opened this week.

Effective Sept. 20 is a new semi-blackout ruling which will hit all cities and towns in Ontario and Quebec. Reason for the move is not the fear of a bombing attack, but the urgent need to save power for war production.

• **Off for the Duration**—All commercial electric signs and all store window and theater lobby lights have now been turned off for the duration by order of Canada's power controller. Municipal street lighting is curtailed.

Householders are urged to turn off all lights except in rooms in immediate use and to burn only one lamp in those. They are also urged to use only one electric stove burner at a time and to turn that off when the kettle begins to simmer, using the slowly receding heat to bring it to a boil.

• **Sign Companies Lose**—Big losers under the order are the electric sign companies—mainly Ruddy and Claude Neon. Their business was first curtailed by the withdrawal of metals used in sign manufacture. Now their lighted sign business is suspended entirely.

Both companies are trying to figure what to do about their contracts with customers. Some of the signs remain the property of the sign companies, having been supplied on lease. Others are owned by users, but the sign companies are responsible for upkeep. Many contracts will have to be revised.

• **Gasoline Allowance Cut**—Automobile lights, which normally help to light the

How many "mental sit-downers" have you in your organization?

"In every factory and store, among office workers and salesmen, costly 'sit-downs' have been going on for a hundred years—*mental sit-downs*", says Craig Davidson. "Commands to do thus and so have met with mental sit-downs which have been just as effective in blocking production and sales as any physical sit-down that ever stopped an assembly line."

"That is one reason why this book," he goes on, "should be useful to any man whose job is to get other men to do their work right. It should visualize for him *what causes mental sit-downs and what to do about them.*"

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By EVERETT B. WILSON

Director of Porto Rican Trade Council,
Formerly Assistant Director of Personnel,
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Second Edition, \$2.50



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streets, will be fewer by many thousands, for Canadians who use their cars only for personal purposes go on shortened gasoline rations Oct. 1. Their A category books are being called in and replaced by AA books containing 16 coupons for small cars, 18 for medium, 20 for large. These books must last till Apr. 1.

At the current coupon value of 4 gal. in the central provinces, this gives each car owner a basic allowance of about 10 gal. a month. In the Maritime provinces, the coupon is worth only 3 gal., though in the prairie provinces, where distances are great, it is still good for 5 gal.

● Oil Reserves Shrink—Incidentally, Munitions Minister Clarence Howe took the public into his confidence this week on the oil and gasoline shortage. Because the loss of tankers has been colossal (no ocean tanker reached Halifax during July, and for 12 consecutive days this summer all tankers were held in port), Canada's gasoline reserves are 20,000,000 gal. below this time last year, while crude oil and unfinished oil products have shrunk by 40,000,000 gal.

The new Portland-Montreal pipe line is not much help because so few tankers are reaching the Maine terminus. Gasoline and oil brought into Ontario were used to supply Montreal and eastern areas.

WHEAT FOR STOCK FEED

With an all-time record wheat crop being harvested on the prairies, Ottawa is encouraging the use of wheat for stock feed. Processors of wheat for feed will receive a drawback from the price they pay (fixed by the Canadian Wheat Board) of 8¢ a bu.

Wheat bought by millers for making flour for domestic consumption is being subsidized to the amount of the difference between average costs under the 1940-41 guaranteed wheat price and the 1941-42 price. Coarse grain retail prices are subject to suppliers' ceilings less drawback or subsidy, plus normal markup.

CEILING FOR OLD SUITS

Latest item of consumer goods to come under price control is second-hand clothing, and from now on there will be less bargaining under the sign of the three balls in the shabbier streets of Canadian cities.

Price Chief Donald Gordon, administrator of used goods, has ruled that second-hand dealers must turn in lists of used suits and overcoats in stocks and may then sell them at either their base period prices or \$20 each, whichever is lower, until Sept. 30, after which they go under an \$18 ceiling. Such suits and coats must be free of holes, darns, patches, and missing buttons.

THE TRADING POST

Commandments

Recently "National Aeronautics" printed the following ten commandments laid down by Gil Robb Wilson, president of the National Aeronautics Association.

They are so pat that I offer no apologies for reprinting them for the benefit of Business Week's readers:

1. Thou shalt keep thy mouth shut.
2. Thou shalt stay out of Washington; both thou and thy conventions and thy car and thy family and thy family's family and all thy correspondence and thy personal problems; none of these shalt thou bring to Washington for they clutter up the works.

3. Thou shalt not harass thy son because he hath not a commission; neither shalt thou make him to feel the service of an enlisted man to be beneath his college education and thy colonial background; neither shall these things be held against him by other enlisted men if thou dost not make of them an abomination.

4. Thou shalt not hoard; only the squirrel hoardeth and this he doeth because he is a squirrel.

5. Thou shalt not get ants in thy pants to put on a uniform only because thou art vain and hast no courage to hoe thy row in the place where thou art most needed.

6. Thou shalt walk; even thus shalt thou aid to save gas and rubber; thus shalt thou redeem the price of thy girdle and thy doctor's bill and thy very hide.

7. Thou shalt not strike; neither shalt thou walk out; neither shalt thou lock out; neither shalt thou sit down on the job; in order that thy days may be long in the land which the Lord thy God hath given thee.

8. Thou shalt not in thy confidence measure the seas, for verily they who have thought to hide behind the seas are full of prune juice.

9. Thou shalt not fret because of evil-doers for thou hast not done so well thyself.

10. Thou shalt not lose faith; thou has lost nothing beyond recovery if thy faith be not lost.

Orchids, Not Stinkweed

The following letter from James H. Brisbane, business manager, Erie Division, U. S. Printing and Lithograph Co., explains itself:

In a recent issue one of your readers found fault with the red tape involved in reporting to the government on the number of typewriters in use (BW—Aug. 29 '42, p. 71).

While I quite agree that a lot of unnecessarily complicated forms and ques-

tionnaires have been sent out by the government, I object strenuously to the use of the recent typewriter questionnaire as an example. This particular questionnaire was the simplest, the most practical, and the easiest to fill out of any form I have ever seen that originated in a governmental agency.

As near as I recall there are about 15 makes of typewriters and about 5 sizes of each make. Hence there are about 75 pages to the report, one for each size and make. The instructions are right on top. All you had to do was turn to the make and size machine you had, run down through the serial numbers and insert the number of machines on hand, sign and mail—as simple as that! It can be filled out in 10 minutes, whether you have 10 typewriters or 200.

It is high time that business executives stop being frightened by mere bulk in a report and start taking an intelligent look at the instructions before bemoaning another complicated form. As a matter of fact the form may just be bulky rather than complicated.

Whoever designed this particular typewriter form should be highly complimented for taking the first step in the direction of making forms that can be filled out direct from the company's own records without special research.

The present "messed up" materials situation is ample proof that far too many important decisions have been made on the basis of guesswork instead of facts. The answers to how much and how fast we can produce and how much and where are the raw materials can only be given by the business men. That means questionnaires—lots of them. Fight to keep them simple. Give the complicated ones intelligent and constructive criticism. But when someone gets out a good one, why "crab" about it just because it uses up a lot of non-scarce paper?

Echo

"A great deal of the trouble arises from Mr. Roosevelt's inability to remove even the lamest of his lame ducks . . . It is taken for granted that if an official is out of place, his functions may be removed but that he will remain. The amount of nervous energy that is burned up by the able men as they move in and out and around and across the immovable lame ducks, the fossil remains of Mr. Roosevelt's earlier political commitments and previous political mistakes, would if it were released, electrify the whole conduct of the war."—Walter Lippmann, Aug. 2, 1942.

"It is always painful making such changes, but in war time individual feelings cannot be spared and whatever is thought to be the best arrangement must be made without regard to persons, and must be made quickly."—Winston Churchill, Sept. 8, 1942. W.C.

HEAT?

FOR YOUR BUILDING
OR PLANT

THIS WINTER



Install an Iron Fireman Automatic Coal Stoker

TODAY you need greater fire-power in your boiler room to meet the increased operating requirements facing industry and business under war conditions. You need more steam from present boilers—and decreased fuel consumption.

An Iron Fireman coal stoker steps up steam output of present boilers from 10% to 35%. You get more steam from less coal—users report coal tonnage reduced from 10% to 20%. Change to Iron Fireman firing—TODAY.



Iron Fireman stokers are self contained and can be installed quickly in boilers of all types, up to 1000 h.p. and larger. If you are faced with fuel changes or increased loads, ask us now how quickly Iron Fireman equipment can be installed, and what it will accomplish in your plant. Write Iron Fireman Manufacturing Company, 3280 W. 106th Street, Cleveland, Ohio.

IRON FIREMAN

Automatic Coal Stokers



THE TREND

COLLECTIVE BARGAINING FOR EMPLOYERS

If the Report to Executives starting on page 68 of this issue could conceivably carry a 1,014-page footnote, such a footnote is available. It is published under the title, "How Collective Bargaining Works; A Factual Survey of Labor-Management Relations in Leading American Industries," and it appeared last month under the imprint of the Twentieth Century Fund.

• The Twentieth Century Fund's study is a book that demands of one who reads it through the kind of careful, painstaking concentration that only a student, a specialist, or a man with a desperate problem may be prepared to give it. But for the executive who wants to use it as a reference book for specific information about how collective bargaining works in a specific industry, or who wants to compare the operations of collective bargaining in a number of industries, the Fund study has the facts in carefully indexed, readily available form.

It covers in detail 13 major fields of business—steel, automobiles, rubber, railroads, bituminous coal, anthracite, daily newspapers, book and job printing, glass, men's clothing, hosiery, building construction, and electrical products—and it treats briefly 16 other industries.

There are some obvious shortcomings in the heavy compendium which keep it from being a definitive work, even within the compass in which it is projected. But it is by far the most complete and objective treatment of this subject ever undertaken, and management men will see it as a valuable reference manual.

They will find it inadequate on such a topic as racketeers in labor organizations, despite the fact that three Chicago service trades were studied for the ostensible purpose of describing how collective bargaining works when strong-arm unions are participants. Similarly its cursory treatment in an appendix of such industries as the longshore and maritime trades, furs, metal mining, meat packing, and municipal transport leaves the reader uninformed on how labor relations are influenced when a left-wing union is the dominant labor organization. And, save for a chapter on railroads, it ignores the role of independent unions in collective bargaining.

• The study suffers somewhat from a diversity of authorship. Sixteen scholars have been responsible for the research and the writing and they are, necessarily, of varying degrees of competence. Each approaches the industry which is his assignment from his particular point of view; an unavoidable circumstance, but one which does not make it easier for the reader who wants to make comparisons between one industry and another. Then, too, some of the industries chosen for extensive treatment were obviously selected for academic reasons.

For example, one of the best done chapters in the book is on the hosiery industry, which gets 53 pages, while trucking, much bigger, much more important,

and with a collective bargaining structure built by the largest union in the A.F.L., is summarized in less than two pages. The reason is, of course, that George W. Taylor, now a public member of the National War Labor Board and for years impartial arbitrator of the hosiery industry, was available for work on the study. But there was no one like him to assign to trucking.

• However, when these things have been said and it has been added that, because all the authors are scholars, the book has a schoolroom flavor, the rest is praise. The scholars, who have described how collective bargaining works, have a perspective and a historical sense which is an attribute of scholarship and their approach to this vital problem of management is thoughtful and seminal. They have analyzed and digested for the reader more collective bargaining contracts, trade agreements, arbitration awards, and union convention proceedings than have probably ever been assembled before, and have set their significance against the background of the structure and economics of the industries in which they operate.

Out of it all comes a rounded picture of collective bargaining in America—its history, its hazards, its threats, and its promises. It is the anatomy of an institution that is being mapped and measured, and the cumulative impression from all this descriptive material is that there has grown up, out of conflict and confusion, a system of industrial jurisprudence.

• In a statement made to coincide with the publication of "How Collective Bargaining Works," William H. Davis, chairman of the National War Labor Board, said, "This survey abundantly shows collective bargaining in America is coming of age. Industrywide collective bargaining seems a logical next development. It makes for greater stability throughout an industry, more responsible unions, and puts management on a more fair and equitable competitive basis so far as wage costs are concerned.

"It seems to me that what we principally need now is more organization among employer and management groups. Such organization would do much to promote an equality of bargaining power between management and labor."

A committee from one major industry is already considering a proposal for employer collective bargaining organization which was made by an executive in a leading firm who has read this study and has found in it a lesson for management. It is safe to say that this book will lead to further action of that sort. As such, it is much more than a study; it is a starting point for what may become a major economic development.

The Editors of Business Week

Business Week • September 26, 1942

